

Sustainability Report 2016



Embedding Sustainability into Allianz
Creating long-term value for our stakeholders



Allianz employee volunteers geared up for the PERTIWI Soup Kitchen activity

SUSTAINABILITY REPORT

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CONTENTS



PG

45

SUSTAINABILITY STRATEGY

We have embedded sustainability into our business strategy, which demonstrates our commitment to act on and thrive in a transforming business environment



PG

54

RESPONSIBLE BUSINESS

We take environmental, economic and social factors into account in the offer of sustainable products and services, the manner of their delivery, and in conducting our investments



PG

66

EMPLOYER OF CHOICE

We focus on employee well-being as well as learning and development to continue to attract and retain diverse talent



PG

72

RESPONSIBLE CORPORATE CITIZEN

We conduct our business activities in an ethical manner without compromising our social responsibility towards local communities and the environment

ABOUT THIS REPORT

This Sustainability Report (the “Report”) covers Allianz Malaysia Berhad and its two wholly-owned subsidiaries, i.e. Allianz Life Insurance Malaysia Berhad (“Allianz Life”) and Allianz General Insurance Company (Malaysia) Berhad (“Allianz General”), collectively referred to as “Allianz”.

In this Report, Allianz SE, the holding company of Allianz Malaysia Berhad, is referred to as “Allianz Group”. Our reporting period is from 1 January 2016 to 31 December 2016, unless otherwise stated. This Report has been prepared with reference to the Sustainability Reporting Guide and Toolkits, issued by Bursa Malaysia Securities Berhad (“Bursa Malaysia”).

This Report was approved by the Board on 29 March 2017.

SUSTAINABILITY REPORT

Sustainability Strategy

CEO'S STATEMENT



“It is too easy, when concerns turn more towards numbers on paper, to forget about what is actually around us, and the long-term consequences of neglecting factors such as the environment and civil society.”

2017 promises to be a challenging year. In times such as this, when consumers are feeling the pinch of a difficult economic environment, it is crucial that we ensure our sustainability efforts are not left behind. It is too easy, when concerns turn more towards numbers on paper, to forget about what is actually around us, and the long-term consequences of neglecting factors such as the environment and civil society.

Insurance, at its core, is a social business. The principle of indemnification is to return a person who has suffered a financial loss back into a similar position to that which they were in before it. That safeguard is our commitment to our customers – peace of mind that should misfortune occur – we are behind them. This assurance is one that we firmly believe in, but which we know is not equally available to all segments of society. This could be for reasons of physical access and location, because of seemingly indecipherable legal documents and unsuitable offerings, or for the simple reason that people just do not know or trust insurance.

At Allianz, we want to inspire that trust. We strive to make our products more approachable, both in terms of language and function. The detarification of certain segments of the general insurance industry allows us to offer solutions tailored to our customers' needs and appetites; for example, modular insurance products that let customers pick and choose exactly what suits them. We are also expanding our insurance offerings to cover underserved segments – not just Persons with Disabilities and rural communities, but also customers who have never experienced insurance before. It is important that people take steps to protect themselves with the economic and financial tools available to them, of which insurance should form a key component.

Traditionally, insurance is based on the replacement of tangible losses. However, the world is moving rapidly from one founded on physical assets to a digital economy of intangible value. New business models constantly crop up, and we are determined to be the insurer that keeps abreast with and serves these developments. Consumers also expect more – demanding compensation not just for losses, but also for inconveniences. We recognise these trends and innovate accordingly, embarking on exercises to map customer needs and plot customer journeys so that we, along with our business partners and intermediaries, understand what serves our customers best, every step of their way with us.

Providing value to the customer is part and parcel of our responsibility as a trusted organisation. We believe that this role extends beyond serving our customers, to creating value in the economy and for society. As an employer of choice, we cultivate a work environment that is diverse, fair, equal, and inclusive, and where our employees feel empowered to learn, develop, and drive innovation within the organisation. Our corporate responsibility activities work to bring that inclusive culture to the greater community – with the aim of reducing societal risks and equalising opportunities of underserved communities.

Sustainability is a continuing journey, on which we embarked in 2011. Our growth reached a new milestone in 2016 when we engaged an external sustainability consultant to review and strengthen our approach to sustainability. Through this exercise, we have learned how to engage our stakeholders in a more systematic way; to prioritise topics that are material to us and thus prioritise our action plans; and to streamline and enhance the way we report on these matters. I invite you to find out more about our approach to sustainability in the following pages and welcome your feedback and engagement.

Zakri Khir

SUSTAINABILITY REPORT

Sustainability Strategy

“Risks in the insurance landscape continue to shift and expand – with the rise of new environmental, technological, geo-political, economic and legal developments, as well as the growing interdependencies among them. The more risks are evaluated and understood, the better a business can respond.”

Emerging Risks in the Global Insurance Industry, KPMG International 2016, Thought Leadership Publications

SUSTAINABILITY APPROACH

For years, insurers have been at the forefront of the corporate world in alerting society to the risks of climate change and, more recently, threats such as cyber security breaches. Recent insurance industry forecasts by KPMG International in 2016 Thought Leadership Publications: “Emerging Risks in the Global Insurance Industry” revealed that increased accessibility to better medicine and healthcare services and advanced medical technologies are predicted to greatly increase longevity - lowering life insurance premiums and increasing annuity liabilities. Some risks may appear suddenly (such as the emergence of the Zika virus), while others may slowly evolve over time (for example, the impact of robotics on employment levels).

In September 2015, the adoption of 17 new Sustainable Development Goals (“SDGs”) by 193 member States of the United Nations was a clarion call to all businesses to apply their creativity and innovation in solving sustainable development challenges. With a refreshed understanding of sustainability, insurers are actively finding ways to strengthen their business strategies to evolve and thrive through this transformation.

Viewing our business strategy i.e. Renewal Agenda through the sustainability lens, **Diagram 1** demonstrates our steps forward to act on the SDGs through our role in the society as a **responsible business** practitioner, **employer of choice**, as well as a **responsible corporate citizen**.

As a **responsible business** practitioner, we take into account environmental, economic, and social (“EES”) factors in offering sustainable products and the manner in which our services are delivered. EES factors are also integrated into investment decisions.

We are an **employer of choice** that focuses on the learning and development of our employees as well as their well-being to continue to attract and retain diverse talent.

We uphold our commitment to being a **responsible corporate citizen** by conducting our business activities in an ethical manner without compromising our social responsibilities towards local communities.

SUSTAINABLE DEVELOPMENT GOALS



The United Nations Sustainable Development Goals are a set of goals to end poverty, protect the planet, and ensure prosperity for all

SUSTAINABILITY REPORT

Sustainability Strategy

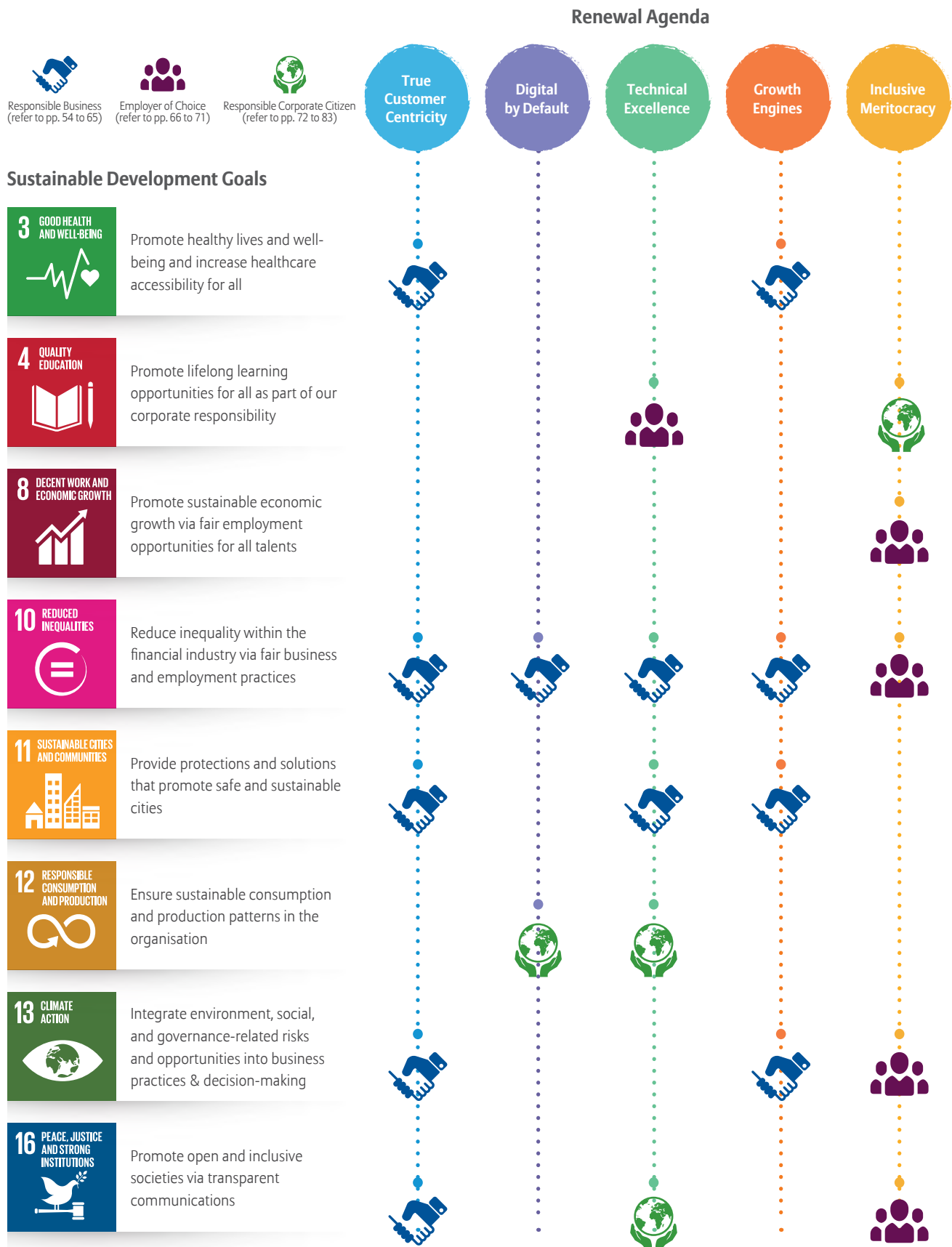


Diagram 1: Connecting the Renewal Agenda with the SDGs

SUSTAINABILITY REPORT

Sustainability Strategy

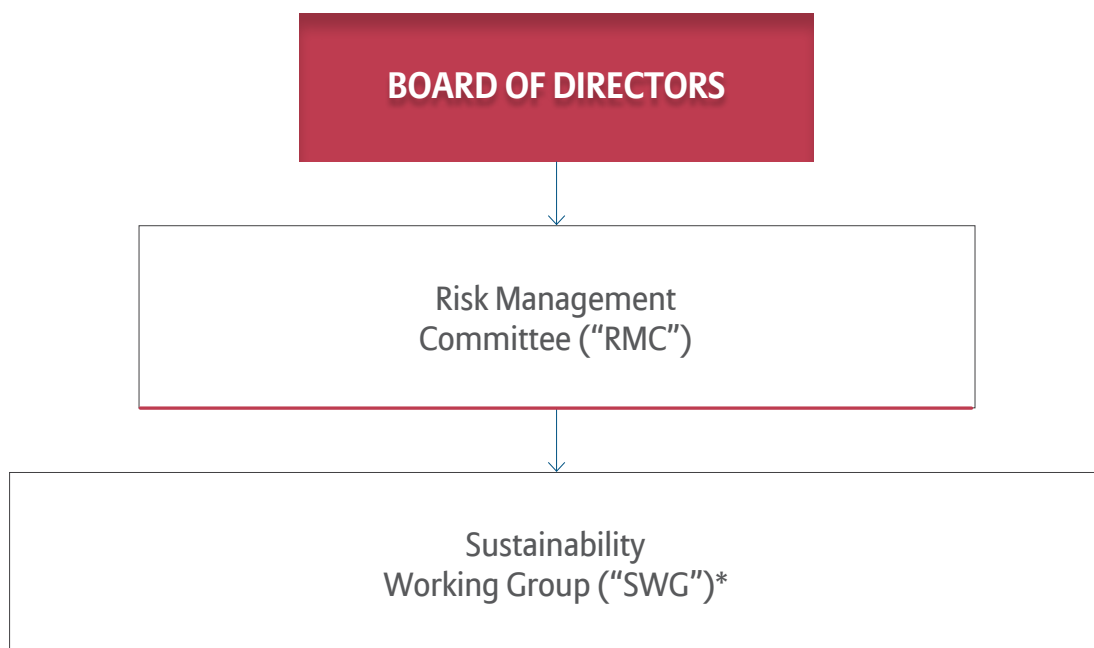
SUSTAINABILITY GOVERNANCE

The establishment of the Sustainability Working Group (“SWG”) marks another major milestone in our sustainability journey. The Board works alongside the SWG in providing formal oversight of our corporate sustainability strategy and in ensuring sustainability considerations are integrated into our strategic decisions. With a robust governance structure, we are confident that Allianz is able to accelerate the materialisation of other major milestones set for the forthcoming year. The sustainability governance structure is depicted in **Diagram 2**.

The Board is ultimately accountable for the oversight of management of sustainability matters, and responsible for setting and embedding sustainability-related strategies into our business operations.

The Risk Management Committee (“RMC”) of Allianz Board is chaired by an Independent Non-Executive Director and supported by members from the Board. RMC’s role is to oversee the implementation of sustainability strategies based on the direction set by the Board. This seamlessly forms part of its duties of ensuring that the risk management process is in place and functioning effectively.

The SWG undertakes the role of implementing and monitoring sustainability initiatives i.e. action plans/measures associated with managing the sustainability matters. SWG is chaired by the Head of Allianz4Good and supported by respective Heads of Department or designated officers from the various functions within Allianz.



**SWG provides progress updates on Allianz’s sustainability performance to the Senior Management Committees of the respective subsidiaries.*

Diagram 2: Sustainability Governance Structure

SUSTAINABILITY REPORT

Sustainability Strategy

STAKEHOLDERS AS GAME CHANGERS

We recognise that our stakeholders are game changers because our sustainable growth lies in our capacity to align and connect our strategy with their expectations.

As shown in **Table 1** on the following page, we have been actively engaging a wide range of stakeholders via various channels throughout the year to gauge their feedback and address their expectations.

In addition, we conducted a comprehensive exercise to identify and prioritise a wide range of stakeholder groups. With facilitation of an external sustainability consultant, SWG spearheaded the stakeholder prioritisation exercise to identify stakeholders with the highest level of influence and dependence on Allianz. As illustrated in **Diagram 3**, Customers, Shareholders, Agents/Business Partners and Employees were found to be the most crucial groups for Allianz to engage with.



STAKEHOLDER PRIORITISATION MATRIX

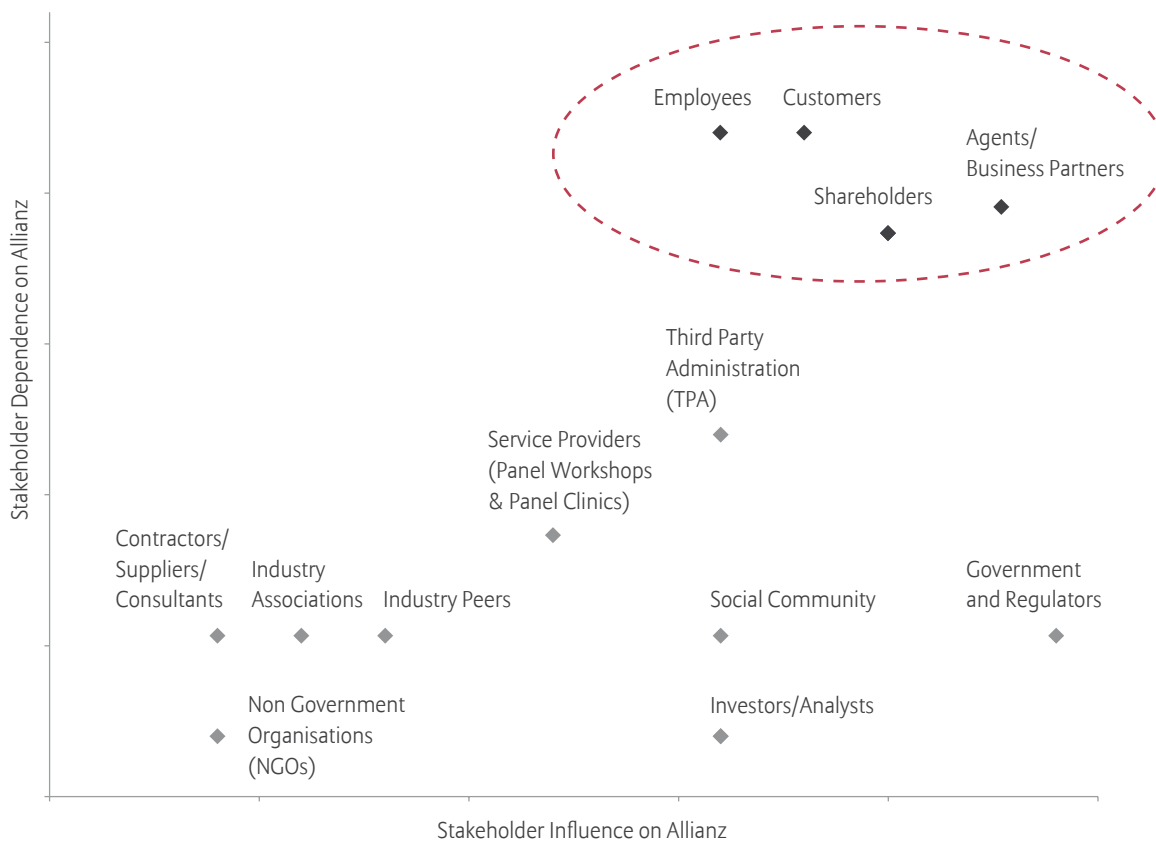














Diagram 3: Stakeholder Prioritisation Matrix

SUSTAINABILITY REPORT

Sustainability Strategy

Table 1: Stakeholder engagement channels, key areas of concern, and how we respond to them (exemplary but not exhaustive)

Stakeholder Groups	Engagement Channels	Key Areas of Concern	How do we respond?
Customers	<ul style="list-style-type: none"> Online platform (e.g. corporate website, social media, smartphone applications and mobile messaging) Customer satisfaction survey (Net Promoter Survey) One-to-one meetings with customer mediators (e.g. Federation of Malaysian Consumers Association) Community events 	<ul style="list-style-type: none"> Responsible innovation Transparency in sales and marketing Talent attraction and retention Open and timely communication 	 (refer to pp. 54 – 65)  (refer to pp. 66 – 71)
Employees	<ul style="list-style-type: none"> Allianz Employee Survey Employee on-boarding training Townhall meetings Allianz internal publications (e.g. monthly newsletters and quarterly magazines) Allianz staff portal Learning and development programmes Corporate volunteering programmes Direct employee feedback 	<ul style="list-style-type: none"> Ethical behaviour Process efficiency Customer satisfaction Technological innovation Fair employment practices Work-life balance Diversity and inclusiveness 	 (refer to pp. 54 – 65)  (refer to pp. 66 – 71)  (refer to pp. 72 – 83)
Agents/ Business Partners	<ul style="list-style-type: none"> Allianz internal publications (e.g. Agents magazine and quarterly magazines) Seminar and annual marketing conventions Agents training sessions Online platform (e.g. corporate website, social media, smartphone applications, mobile messaging and Allianz agent portal) Corporate volunteering programmes Corporate events (e.g. festive dinner) One-to-one meetings 	<ul style="list-style-type: none"> Agents' role as an intermediary Close communications and engagement with agents Responsible innovation Learning and development Data privacy and security Regulatory changes 	 (refer to pp. 54 – 65)  (refer to pp. 66 – 71)
Government Relations	<ul style="list-style-type: none"> Public partnerships One-to-one meetings 	<ul style="list-style-type: none"> Responsible products and services Liberalisation of insurance industry Diversity and inclusion 	 (refer to pp. 54 – 65)  (refer to pp. 66 – 71)
Investors/ Shareholders	<ul style="list-style-type: none"> Annual General Meetings Quarterly analyst briefings Quarterly Reports and Annual Reports Shareholders' circulars Fund Performance Reports Online platform (e.g. corporate website and social media) One-to-one meetings with fund managers and investors Media releases Announcements released to local Stock Exchange 	<ul style="list-style-type: none"> Transparency in sales and marketing Technological innovation Data privacy and security Fair employment practices Talent attraction and retention 	 (refer to pp. 54 – 65)  (refer to pp. 66 – 71)  (refer to pp. 72 – 83)
Community	<ul style="list-style-type: none"> Online platform (e.g. social media and smartphone applications) Corporate volunteering programmes (e.g. community events, knowledge-sharing initiatives and partnerships with non-governmental organisations) 	<ul style="list-style-type: none"> Open and transparent communication Public-private partnerships Community development 	 (refer to pp. 54 – 65)  (refer to pp. 72 – 83)
Media	<ul style="list-style-type: none"> Press conferences and events Media releases 	<ul style="list-style-type: none"> Open and transparent communication Responsible innovation Public-private partnerships 	 (refer to pp. 54 – 65)  (refer to pp. 72 – 83)

Legend:



Responsible Business



Employer of Choice



Responsible Corporate Citizen

SUSTAINABILITY REPORT

Sustainability Strategy

WHAT REALLY MATTERS?

Materiality assessment has become one of our strategic business tools to identify, refine, and prioritise potential EES risks and opportunities as well as the emerging risks that may affect our business and our stakeholder groups.

KPMG International 2014 Thought Leadership Publication: "The Essentials of Materiality Assessment" reported that there are several challenges faced by companies when conducting a materiality assessment. These include broad or overlapping material topics, lack of involvement from Senior Management, and isolation of the materiality assessment process from other business processes, amongst others.

In 2016, Allianz adopted a structured materiality assessment approach which is guided by Bursa Malaysia's Sustainability Reporting Guide. Keeping in mind the above-mentioned challenges, we received guidance from an external sustainability consultant to guide us through the materiality assessment process.

In identifying the sustainability matters, we have considered our operating environment and emerging global risks associated with the insurance industry. This is based on industry-specific references and publications such as the United Nations Sustainability Development Goals ("SDGs") for Financial Services and Global Reporting Initiative ("GRI G4") for Financial Services Disclosures. We are also guided by Allianz Group's Sustainability Report, as our holding company.

The identified sustainability matters were further categorised into three themes, i.e. Responsible Business, Employer of Choice, and Responsible Corporate Citizen.

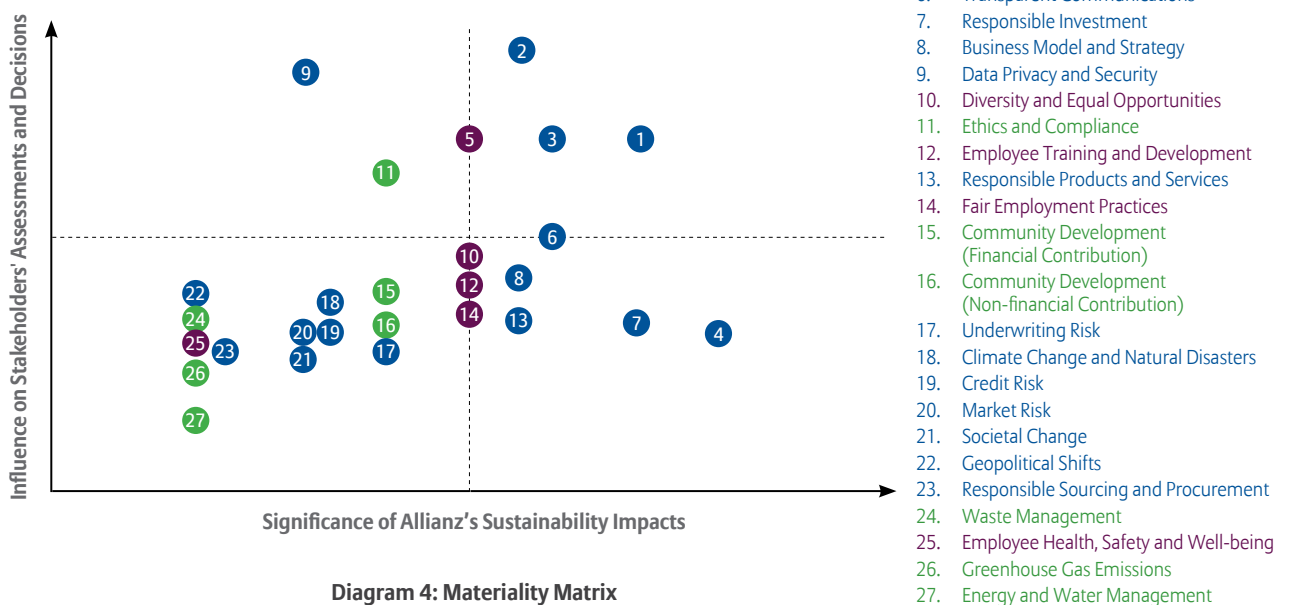
In addition to the existing engagement approaches, we conducted surveys to determine the level of importance of the identified sustainability matters to our key stakeholders.

The survey involved our employees (including Directors), agents, a representative of our major shareholder - Allianz Group, and the Federation of Malaysian Consumers Association ("FOMCA"), as a representative of our customers.

This was followed by a sustainability risk assessment exercise to determine the level of impact of the sustainability matters to Allianz. Members of the Senior Management group from various functions within Allianz participated in the assessment. For this exercise, we leveraged on our existing internal risk assessment criteria to rate the likelihood and impact of the occurrence of events associated with the identified sustainability matters.

The outcome of the materiality assessment, as shown in **Diagram 4**, was presented and approved by the Board of Directors. Customer satisfaction, technological innovation, responsible sales and marketing, regulatory change, and talent attraction and retention, are the top five material sustainability matters which are of high significance to both our stakeholders and Allianz. **Table 2** on the following page shows our top ten material sustainability matters and their importance to Allianz and our stakeholders. The details of our initiatives in managing these material sustainability matters are discussed in the following pages.

Materiality assessment will remain an important tool in identifying and evaluating concerns raised by our stakeholders and subsequently formulating our strategic plans in pursuit of sustainable business growth.



SUSTAINABILITY REPORT

Sustainability Strategy

Table 2: Top 10 Material Sustainability Matters of Allianz

Material Sustainability Matters	Importance to Allianz	Importance to our stakeholder groups
 <p>Customer Satisfaction</p>	Customer satisfaction is at the heart of our business strategy, embodied as <i>True Customer Centricity</i> in Allianz Group's Renewal Agenda. Understanding our customers' evolving needs and providing service that exceeds their expectations allows us to remain relevant and competitive.	In a competitive environment, customer satisfaction is key to our success as a company. Our stakeholders depend on us to deliver on our commitments with superior service to continue playing a prominent role in the Malaysian insurance market.
 <p>Technological Innovation</p>	The digital sphere is an open field, with the emerging FinTech industry frequently challenging industrial norms. We understand the importance of staying abreast with technological innovation, both for efficiency gains and to grasp the opportunities that arise from it.	Our stakeholders have various concerns about technological innovation. Customers expect us to offer solutions to meet new demands, while business partners worry about how technology will affect their roles. Our role, in this case, is to embrace digital evolution in a transparent, inclusive, and responsible manner.
 <p>Responsible Sales and Marketing</p>	We rely on our intermediaries to deliver our products, and therefore place great importance on ensuring that they understand the 'Allianz Way of Selling'. That encompasses understanding the needs of our customers and providing them easy-to-understand, appropriate solutions.	Stakeholders demand clear and simple-to-understand products and services, with access to the right information from multiple channels. The quality and integrity of our channels of communication are integral to building trust in Allianz.
 <p>Regulatory Change (risks and opportunities related to detariffication)</p>	Since its announcement, we have been laying the ground in preparation for the liberalisation of the Malaysian insurance industry. We have taken lessons learned from our peers in the Allianz world to face this new environment.	Uncertainty surrounding the impact of liberalisation affects our stakeholders, particularly regarding its financial consequence. We continue to provide superior value and to be agile in our response to changing market requirements.
 <p>Talent Attraction and Retention</p>	As a service-based industry, our business is driven by our people. We focus on recruiting the right talents and creating an attractive work environment for them by offering opportunities for continuous engagement and development.	Our stakeholders recognise the importance of having and cultivating the best people to drive long-term value creation in the organisation. This enables us to provide quality service across all our stakeholder groups.
 <p>Transparent Communications</p>	We ensure accountability and transparency by reporting to and communicating with our stakeholders through various channels. Social media allows us to connect with stakeholders in a less formal yet sometimes more efficient way, while our reports and briefings are avenues for more robust analysis.	Communicating our progress and strategies in a transparent manner has always been a cornerstone of our corporate governance. Our various communication channels and engagements are important avenues for building trust and inviting feedback from our stakeholders.
 <p>Responsible Investment</p>	We incorporate environmental, social, and governance (ESG) factors into our investment decisions to remain competitive in the market and protect our reputation from value-destroying reputational risks (such as poor labour working conditions, corruption, etc.).	Stakeholders are increasingly demanding transparent disclosure about where and how our capital is being invested. Responsible investment practices allow us to strengthen our credibility and build strong relationships with our stakeholders.
 <p>Business Model and Strategy</p>	We consider myriad risks and opportunities in the formulation of our business strategy. We fully utilise the local and international expertise available to us in our decision-making to promote sustainable, long-term value creation for our stakeholders.	Our stakeholders rely on us to take a holistic view of the risk landscape when formulating our strategies to derive continued value. Being prudent and thorough in our analysis and subsequent decision-making builds stakeholder confidence in our long-term success.

SUSTAINABILITY REPORT

Sustainability Strategy



Material Sustainability Matters	Importance to Allianz	Importance to our stakeholder groups
 <p>Data Privacy and Security</p>	Development within the digital sphere has coincided with the growth of cyber risk. The security of our stakeholders' data is of utmost importance, and we adopt various precautionary measures to ensure that the risks associated with data protection are properly managed.	Stakeholders entrust us with their data, and we reciprocate that trust with the commitment to ensuring the security and privacy of their data. This is not just essential in maintaining a trusting relationship, but also to the viability of our business.
 <p>Diversity and Equal Opportunities</p>	We are committed to promoting inclusion - within our company, in our business, and through our corporate responsibility initiatives. We fully believe that diversity serves to enrich us - broadening our perspectives and presenting new opportunities.	The diversity of our community is reflected in the makeup of our various stakeholders. Operating in such an environment, it is fundamental that inclusivity is built into our organisation and cultivated amongst our people so that we are better able to understand and serve our stakeholders.

Diagram 5 below presents a summary of our key achievements with respect to management of sustainability initiatives across each theme.

Our Key Sustainability Achievements 2016



Responsible Business
(more on pages 54 to 65)



Employer of Choice
(more on pages 66 to 71)



Responsible Corporate Citizen
(more on pages 72 to 83)

Total number of policies

3.92 MILLION

Amount spent on employee training

RM 4.47 MILLION

Number of vendors who passed Integrity Screenings

389

Claims paid out to KampungKu policyholders

RM 500,000

Women in management positions

63%

Reduction in paper forms due to e-submissions

65.5%

Increase in users to our corporate website

90%

Employee Engagement Index

84%

Direct beneficiaries of our corporate responsibility initiatives

~21,910

Diagram 5: Our key achievements with respect to each theme

SUSTAINABILITY REPORT

Responsible Business

CUSTOMER SATISFACTION

From a global perspective, Allianz Group has been in existence for over 125 years. Our company would not be able to sustain its growth without serving the needs of its customers. However, with the introduction of the Allianz Group Renewal Agenda, there is a cultural shift beyond just service to focusing on **True Customer Centricity** – that is, seeing everything from the customers' perspective above all else. In Malaysia, our insurance footprint is spread across all states in the country with the provision of over 3.92 million tailored insurance solutions to more than 2.5 million customers. This is depicted in **Diagram 6** below.

Customer centricity is a stance that we have committed to, and this is best embodied by the name change of our Customer Service department to Customer Advocacy, which serves as our key enabler to promote a positive customer experience at every touch point. All employees and business partners are encouraged to live customer centricity, and to achieve this renewed philosophy we have lined up a series of training sessions, workshops, internal communications, engagement activities, and both formal and informal rewards and recognition. Customer centricity also forms part of our employees' performance evaluation, ensuring that across the organisation, employees are putting customers at the forefront of everything they do. The following initiatives are geared towards understanding our customers' needs and offering personalised interactions - according to and how a customer chooses by using service features with multi-channel capability.

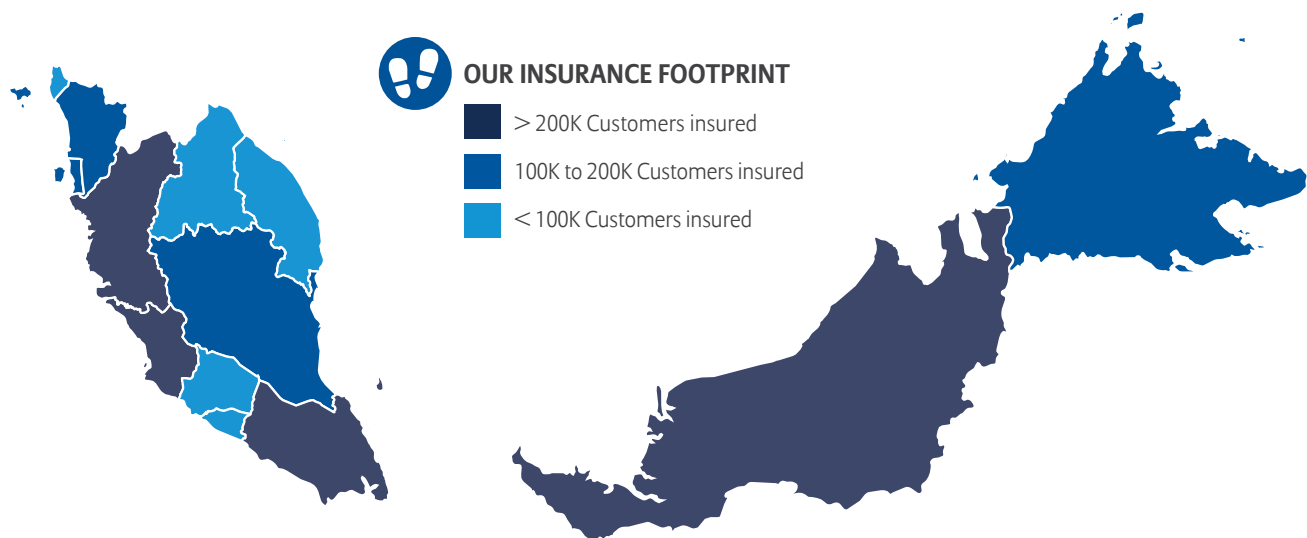


Diagram 6: Our Insurance Footprint

Understanding Our Customers

The Net Promoter Score ("NPS") allows us to gauge our customers' perceptions of their relationship with Allianz based on all their interactions with us during the customer life cycle. The Bottom-Up NPS measures the customer's experience based on a recent specific interaction with the company. The Top-Down NPS is derived based on the responses provided by customers through a survey conducted by Allianz, and is an important measure of customer loyalty. Previously a locally-driven process, beginning in 2016, the execution of the Top-Down NPS is coordinated by Allianz Group to ensure globally harmonised methodology, standards and governance. This is one of the initiatives in support of **True Customer Centricity** under Allianz Group's Renewal Agenda. Our Top-Down NPS results for year 2015 and 2016 are presented in **Table 3**.

Table 3: Top-Down Net Promoter Score

Top-Down NPS Performance 2015	Top-Down NPS Performance 2016	
Allianz General		
-41.2% (Market average = -32.9%)	-19.3% (Market average = -22.8%)	↑ 21.9%
Allianz Life		
-35.5% (Market average = -27.1%)	-18.8% (Market average = -12.9%)	↑ 16.7%

SUSTAINABILITY REPORT

Responsible Business

For Allianz General, we improved to an above market position whereas for Allianz Life, we reduced the gap to market average. It is our ambition to become the local market loyalty leader by 2020 for both business entities.

Apart from the NPS, customers are also able to provide their feedback on levels of service provision they have received through our company website, customer service centres, Facebook page, e-mail, and customer careline. We actively listen to our customers, and while 2016 has seen an increase in the number of customer complaints by 15%, in the same period we recorded a 46% increase in our number of compliments. The change in number of complaints received from 2015 to 2016 is illustrated in **Diagram 7** below.

Number of complaints received in 2015 and 2016

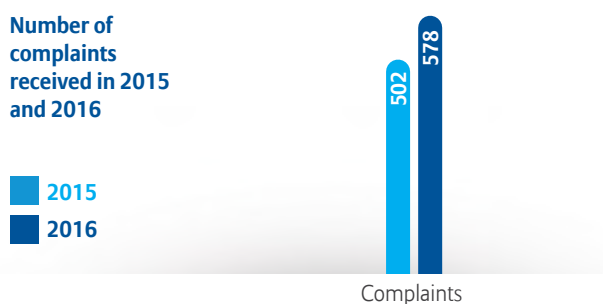


Diagram 7: Number of complaints received in 2015 and 2016

This increase in the number of customer complaints is due to a change in our customer feedback methodology. Where previously complaint registration was largely process-driven, we have expanded our scope to capture dissatisfaction based on customer sentiment to allow for proper investigation before feedback is escalated into a formal complaint. While a reduction in complaints would be ideal, our target is rather to improve the quality of complaint resolution. Our complaint resolution figures for 2016 are illustrated in **Diagram 8** below.

Number of complaints received and resolved in 2016

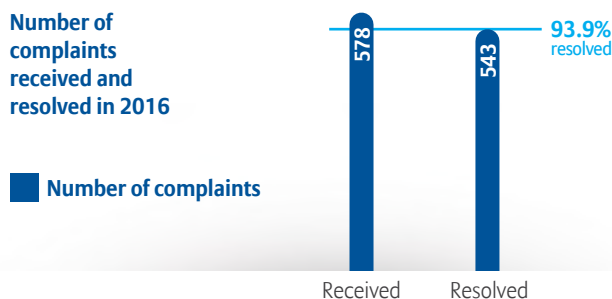


Diagram 8: Number of complaints received and resolved in 2016

Mapping Customer Experiences

In 2016, Allianz adopted the Customer Experience ("CX") methodology to map out customer journeys with the aim of visualising customers' experiences through their eyes. During the mapping exercise, the CX participants - comprising members of various functions within Allianz - step into our customers' shoes and go through the chosen process to better understand the pain and delight points throughout the customer journey.

The diversity of participants enables us to collect a broad range of perspectives and feedback, which are then translated into action plans with the aim of removing pain-points and enhancing the positive customer experience.

The outcome of the mapping exercise and analysis of customer feedback from various channels deduced that accessibility to information, professionalism of service, contact frequency and waiting time, and clarity of information are some of the key areas of concern for our customers. The key initiatives pursued by Allianz to manage these matters by leveraging on technological innovation are discussed in the following sections.

Other initiatives include providing step-by-step guides on the website for both prospective and existing customers to source, evaluate product options, and learn about filing insurance claims. We have also increased the touch points with our customers. As an example, as soon as a motor own damage claim is lodged via our authorised panel repairers, our customer service representative will make a call to check on the customer, answer any questions, and clarify their entitlements. Doing this in a timely manner is particularly important to avoid potential disagreements before customers incur any expenses. The same representative will also make a second call after the vehicle is collected to enquire on the satisfaction level of repair works by the repairer and the service level provided to the customer.

Allianz Road Rangers

In January 2017, Allianz launched the Allianz Road Rangers, an accident servicing team for our motor customers. Currently available in the Klang Valley, the Road Rangers consist of a First Response Unit, a dedicated fleet of tow trucks, and a concierge service at major police stations. This aims to alleviate the stress experienced by a customer who has just been through an accident, helping them from the first moment an accident occurs, right up to making a police report and subsequently, paying out the claim.



Allianz Road Rangers has a dedicated fleet of tow trucks to assist customers in the case of an accident

SUSTAINABILITY REPORT

Responsible Business

TECHNOLOGICAL INNOVATION

74%

of insurers believe that part of their business is at risk of being lost to FinTech companies

80%

of insurers see opportunities for differentiation and cost reduction from FinTech

Diagram 9: Emergence of FinTech in Malaysia

2016, InsurTech: The road ahead, AICB-PwC Malaysia FinTech Survey: Insurance Cut

New technology has the potential to completely disrupt an industry, and insurance is in no way insulated from this – from the advent of driverless cars to the emergence of FinTech. This is apparent to our stakeholders, whose feedback indicated that technological innovation is a key concern. A survey of senior professionals from banks, insurers, asset managers and FinTech companies in Malaysia by Asian Institute of Chartered Bankers (AICB) and PwC Malaysia detailed in their 2016 report “InsurTech: The road ahead, AICB-PwC Malaysia FinTech Survey: Insurance Cut”, found that 74% of insurers believe part of their business is at risk of being lost to FinTech companies, as shown in **Diagram 9**. That may be so, but we – like 80% of the respondents – choose to see the opportunities that FinTech could bring. Our initiatives that are focused on both improving customer experience by using digital connectivity solutions as well as venturing into new lines of business are discussed in the following section. This also forms part of our innovation strategy, as one of Allianz Group’s core levers of the Renewal Agenda – to be *Digital by Default*.

Increasing Touchpoints

In an ever-connected world, it is important to our customers that we are easily accessible. Digital tools have helped us increase the ways that customers and our intermediaries interact with us.

On top of our call centre, customer service centres, and e-mail, customers can also reach us via the newly launched A2Z mobile application (“A2Z app”) and social media messaging tools such as Facebook, LinkedIn, and Instagram.

However, we also know that nothing can replace the responsiveness and attentiveness of speaking to an actual service representative. On our corporate website, customers can request product quotations and subsequently our agents or customer service representatives will contact them – giving them the convenience of technology without losing the personal service.

Furthermore, our commitment to addressing customer feedback on Facebook within two business hours allows us to respond much quicker in comparison to traditional mail. As we move forward with our customer excellence agenda, we constantly review our tools and platforms to ensure continuity and consistency in our customer dealings.

Automation for Increased Efficiency

Automation allows us to use digital systems to manage standard processes, freeing up our employees to focus their efforts on more complex cases and providing quicker service to our customers.

With the launch of the A2Z app in 2016, customers are able to access key information about their insurance policies in the palm of their hands. Through the app, policyholders are able to access their medical cards, request a hospital Guarantee Letter, submit their claims, and also find information about panel hospitals and clinics. This is in response to general societal sentiment where, with smartphones being able to do more and more, consumers rather have the information at their disposal than have to contact an organisation to find it.

One example of a fully automated product is Allianz Flight Care, an affordable insurance plan that adds value to a customer’s travel insurance by providing compensation for domestic flight delays of more than 30 minutes. Our system is immediately notified of a flight delay so that customers do not even need to file a claim and the whole process is able to run without human intervention.



FACEBOOK PAGE

786 enquiries and
168 complaints
received via
Facebook

34,321
Likes
in 2016
(increase of 22%)

2,692
comments
and **7,862**
shares

SUSTAINABILITY REPORT

Responsible Business

The Imagine App

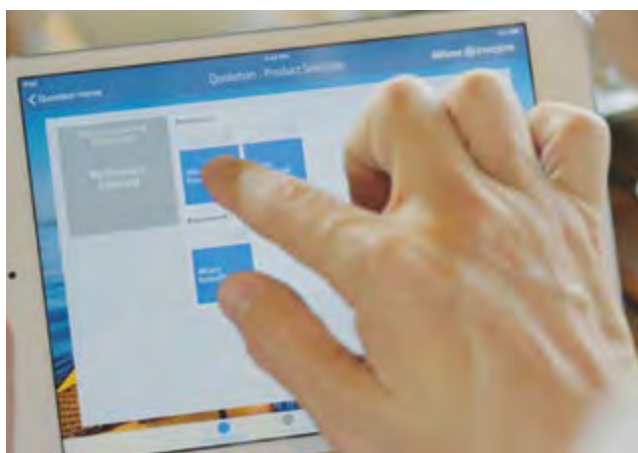
In efforts to better equip our agents, we developed the Imagine App sales tool to assist them at point of sales.

The customer journey – from fact-finding and quotation generation up to new business submission – has been digitalised and can be completed entirely in the app.

Currently, we are working towards enhancing the features of the Imagine App. The upgraded version of the sales tool incorporates reflexive underwriting questions, with the aim of improving the user experience. This automation will reduce the number of questions that customers are required to answer and provide a faster underwriting decision.

We are also working towards improving the Know Your Customer journey by building in an intuitive analysis tool to understand customers' needs before proposing insurance plans to them. This will be an added feature to the current customer fact-finding module within the Imagine App.

Through 30 roadshows held nationwide, we have been able to increase adoption of the Imagine tool to almost 70% of life insurance submissions.



The Imagine App sales tool is designed with agents and customers in mind

The automation of claims assessment and customer response procedures has significantly reduced the turnaround-time ("TAT") for our claims processing, as shown in **Table 4**.

Table 4: Change in turnaround-time for claim resolution of Allianz General insurance products from 2015 to 2016

Insurance Products	Change in Turnaround-time
Non-motor (< RM 3K)	96 hours to 72 hours
Non-motor (RM 3K – 20K)	23 days to 21 days
Non-motor (RM 20K – 50K)	35 days to 28 days
Motor Own Damage* (< RM 15K) *for private cars less than 7 years old and repaired by an authorised panel repairer	5-7 days to 10-60 minutes

92%

Allianz Life claims resolved within targeted Turnaround-time



We continue to roll out digitalisation efforts across our business, with automated underwriting and issuance of e-documents forming part of our plans for 2017.

New Lines of Business

While initially our focus was on using digital tools to speed up existing processes and expand our channels for interaction with our customers and agents, we have become increasingly attuned to the fact that the digital space is far from business as usual. An ever-evolving and fast-paced field such as this needs its own dedicated team to handle the demand for niche insurance specifications that continue to arise. Thus, in 2015, digital innovation teams were set up in both our subsidiary companies to pursue business opportunities in the digital sphere.

One result of this is our partnership with RecomN.com, an online platform for consumers to access and hire a wide range of service professionals. RecomN.com is in partnership with Allianz to provide insurance protection for these service professionals hired by consumers. The insurance coverage would include damages, theft, and public liability. Similarly, other collaborations are already in the pipeline for implementation in year 2017.

SUSTAINABILITY REPORT

Responsible Business



Every job transacted on RecomN.com is covered from damages, theft, and public liability by Allianz General

“I grew up as society was entering a new era. Compared to the Industrial Revolution, things are moving at lightning speed in the Digital Age. The internet only entered our consciousness in the 90s, and email, online shopping and social media now accompany our daily lives. Our challenge will be to balance leveraging on the opportunities technology affords us, while making sure that the personal care that is at the heart of our service is not compromised.”

Tunku Zain Al-Abidin Ibni Tuanku Muhriz
Independent Non-Executive Director

With the liberalisation of the insurance market, we are able to expand our offerings to include modular products, where customers can tailor their coverage to include only what they need, as opposed to pre-packaged ones. This is offered directly to customers via our corporate website and also incorporated into our agents' sales tool i.e. *The Imagine App*.

RESPONSIBLE SALES AND MARKETING

Customers' expectations and behaviours are evolving at a rapid pace, with increasing demand for a more personalised experience. Today, customers have easy access to various online tools as well as multiple touch points to research, shop, and purchase insurance according to their needs. Armed with this knowledge, customers expect simplicity and high clarity in information provided by insurers, which is crucial to enable them to make informed decisions.

Customers tend to lose trust when they do not understand what they are looking at. The financial industry and insurance in particular, has a reputation for having products that are complex, indecipherable and even purposely convoluted. Insurance policies, contracts, and forms are often described as difficult and tedious documents. This has helped to fuel mistrust in the industry and the migration of consumers to FinTech organisations that are able to articulate similar products in clear, simple, and transparent terms. Established institutions tend to err on the side of caution and include more clauses and disclaimers rather than less, but the fact is - if these documents are deemed incomprehensible and remain unread, it is our responsibility to deliver more reader-friendly materials to our customers.

In 2017, tapping on the digital platform, Allianz will launch four online offerings on our website where there is no agent involvement and the entire purchase process is automated. These offerings focus on simple, affordable, and user-friendly products, which is in line with Bank Negara Malaysia's intention of having accessible products whilst increasing the insurance penetration rate of the country.

The Evolution of Digitalisation

“As digital strategies mature, insurers go through several phases of evolution. Initially web-presence is sufficient. Next comes the ability to transact via the internet. The next phase brings process and productivity gains, largely to win cost efficiencies. The most sophisticated are building an ecosystem where they look to interact with their customers in multiple contexts and recognize that customers are complex and multifaceted.”

KPMG International 2014 Thought Leadership Publications: Transforming Insurance - Securing Competitive Advantage

At Allianz, we are proactively addressing the challenges arising from the changes associated with digitalisation. An inevitable consequence of our focus on the digital sphere and automation is the effect this has on our agents.

During our stakeholder engagements, it became apparent that there is unease amongst agents concerning their role in the sales process when we implement direct sales via digital channels. We recognise that an agent's role is more than just a sales terminal. For more complex products, agents are able to personally provide financial advice and recommendations and also the entailing follow-up services.

We will continue to support and closely engage with our agents as we progress through various evolutionary phases of digitalisation in the insurance industry.

SUSTAINABILITY REPORT

Responsible Business

Simplifying What We Say

"Would our customers understand what we want to convey?" This is a key question we ask when preparing our marketing materials.

One of the key areas of concern raised by our customers is that our proposal forms are too long and tedious to complete. In response to their feedback, we are working towards shortening the content, making it more "easy-to-read" and user-friendly. Where possible, we reduce the number of questions in our forms and the documentation required. Our efforts to use digital tools for this purpose are discussed in the **Technological Innovation** section of this report.

For our corporate website, we have included more visuals and icons to enhance the clarity of information that we deliver to our customers. We use simple language and include instructional videos to deliver complicated information in a clear and understandable manner.



Step-by-step instructional videos explain the claims process to customers in an easy-to-understand format

90%

increase in users on our corporate website in 2016



Setting the Standard Amongst Our Agents

Regulations and our own internal policies govern the development of our sales tools and marketing materials. However, the nature of our business relies on our intermediaries to deliver them and ultimately reach out to our customers.

Our agents are guided by the Sales Policy and Sales Agent Code of Conduct, which are minimum standards to be observed by intermediaries acting on our behalf. Our life and general subsidiaries have their own Ethics and Compliance Committee which deals with

intermediary behaviour that is contrary to the said Sales Policy and Sales Agent Code of Conduct. A Sales Compliance Disciplinary Policy is also in place that defines types of offences/misconducts and the associated recommended disciplinary actions.

With 17,933 agents receiving training and support from our 38 branch offices nationwide, we strive to maintain the consistency in training and depth of knowledge that our agents receive.

On the general insurance side, newly-joined agents attend a specialised On-boarding programme to train them on topics such as responsible and ethical marketing, as well as equip them with product knowledge. As agents become more experienced, the Allianz Sales Lab provides a platform for agents to further enhance their selling attitude and skills which will help boost their production. Apart from training for agents, the A-Team Seminar is offered to agents' employees, providing them essential knowledge on customer service and selling skills, which in turn will add value to the agents. In 2017, colleagues from Allianz's head office will conduct a nationwide tour to branch offices to reinforce the training content of these modules and ensure consistency in their delivery.

From a life insurance perspective, agents are able to access the Allianz Masters training programme aimed at professional development for agents in the Asia Pacific region. Further, the introduction of the "Balanced Scorecard" throughout the industry expands the measures used to calculate agents' remuneration. Apart from financial performance, the scorecard emphasises professional conduct, which includes a minimum level of persistency and agents' understanding of customer requirements. The aim of these initiatives is to ensure that all our agents adopt the 'Allianz Way of Selling', leading to consistently high service standards to our customers.



Continuous training aims to ensure that our agents adopt the "Allianz Way of Selling"

SUSTAINABILITY REPORT

Responsible Business

REGULATORY CHANGE

The detariffication of the motor and fire segments of general insurance and the introduction of the Life Insurance and Family Takaful Framework to the life insurance industry has been imminent for a number of years. These changes are being slowly phased in - starting from 2015 for life insurance and in July 2017 onwards for general insurance. As one of the subsidiaries of an international leading insurance company, Allianz has the benefit of being able to tap into the experience and expertise of other members of the Allianz Group that have undergone liberalisation in their respective markets. Picking up their lesson points, we have laid the groundwork to prepare ourselves, our partners and our distribution channels for the yet-to-be-seen impacts of this change.

Solutions for the Long-Term

In a liberalised environment, particularly in the case of general insurance, pricing will be based on customer risk profiles rather than according to fixed tariff rates. From a life insurance perspective, the changes resulting from the Life Insurance and Family Takaful Framework aim to increase transparency and accessibility to information, and advocate fair treatment of customers. Specifically, the introduction of the Balanced Scorecard for life insurance agents and the offer of online products are detailed in the **Responsible Sales and Marketing** and **Technological Innovation** sections of the report respectively. Allianz is committed to ensuring the long-term viability of our products and services, and on delivering to our customers in moments of truth.

Our strategy leading up to liberalisation has been to grow our existing customer base by offering superior customer service at affordable prices. We will continue to do so by leveraging on technological innovation and providing reliable customer service, as discussed in the **Customer Satisfaction** and **Technological Innovation** sections of this Report.

Protecting Our Customers

As a measure to protect our customers and to ensure standardisation across the industry, revisions to motor and fire products that deviate 30% from the pre-detariffication terms will need to be assessed against certain criteria and have their wording filed with the General Insurance Association of Malaysia.

In some instances, these products may need to be filed to Bank Negara Malaysia. This process is intended to protect consumers by making sure that products that reach the market have already been vetted for clarity and consistency within the industry.

TRANSPARENT COMMUNICATIONS

At Allianz, we believe that trust is an intangible differentiator. While trust is built over time with a good performance record, transparency in communicating our values, strategies, and product information can lead the way through various platforms. Over the years, we have been transparent in disclosing both financial and non-financial performance results. The details of our initiatives in ensuring transparent communications with all stakeholders are discussed in the **Stakeholder Engagement** and **Responsible Sales and Marketing** sections of this Report.



Allianz was recognised by MSWG for good corporate governance practices

Recognised for Our Corporate Governance

Allianz was awarded the Merit Award for Corporate Governance Disclosures at the Minority Shareholder Watchdog Group Malaysia ("MSWG")-ASEAN Corporate Governance Transparency Index, Findings and Recognition 2016.

The award is given to the top 10 Public Listed Companies that incorporate the best corporate governance practices, identified from the 868 companies that were assessed using the ASEAN Corporate Governance Scorecard methodology.

SUSTAINABILITY REPORT

Responsible Business

RESPONSIBLE INVESTMENT

At Allianz, we have been actively using sustainability-related considerations in conducting our investments and business decisions, to ensure that the risks we accept have been holistically assessed. Environmental, Social and Governance (“ESG”) screening is part of existing processes and standards, namely underwriting and investment standards for direct financing, as well as our risk management framework. This makes ESG screening an integral part of due diligence by our underwriters and investment managers.

Holistically Screening Our Investments

Our investments are guided by the Allianz Group Investment Manual and our business considerations by the Allianz Standard for Reputational Risks and Issues Management (“ASRRIM”). In the ASRRIM, Allianz Group has identified 13 sensitive business areas which may present reputational, ESG risks to the Group. Each sector has its own set of guidelines outlining key ESG issues to be taken into consideration. The ASRRIM gives due consideration to potentially unmitigated ESG impacts and reputational implications in our business processes. The ESG Screening Process is depicted in **Diagram 10** below.

Each transaction highlighted by the ESG screening is assessed on a case-by-case basis to ensure thorough understanding and mitigation of risks. If, after mitigation, the ESG risk is still significant, the case is escalated to the global ESG Working Group to be evaluated, determining ultimately whether the risk is acceptable. Our intention is that no business is excluded by default, and each transaction is assessed on a case-by-case basis. Through this process, we aim to better understand the risks associated with an insurance and investment transaction and to take necessary measures to address and mitigate these risks. In 2016, four transactions were escalated to the global ESG working group for further ESG assessment. One was declined while the others were approved.

ESG SCREENING PROCESS

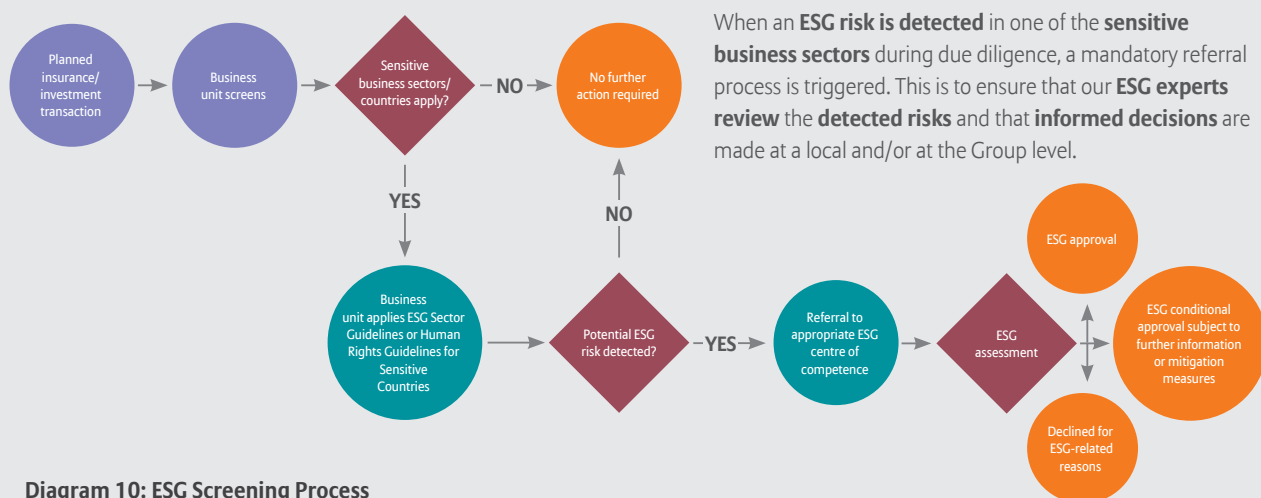


Diagram 10: ESG Screening Process

Divesting from Coal Businesses

There is widespread scientific consensus that energy generation needs to be uncoupled from greenhouse gas (GHG) emissions in order to limit global warming. With coal being the fuel with the highest CO₂ emissions in relation to its energy content, phasing out coal-based energy production will significantly contribute to transitioning global energy generation to lower emission levels.

In 2016, Allianz Group announced its move to divest from coal-based business models, that is, companies that derive more than 30% of revenue from coal mining or that generate over 30% of their energy from coal. Locally, we have begun restricting such investments. This has affected our investment opportunities, Malaysia being a country that still relies heavily on coal-based power generation. Nevertheless, we see this as a future-oriented move, both in view of the global clean energy transition and also in terms of environmental preservation.

“Sustainability is already in Allianz’s DNA, particularly in terms of investment and underwriting risk assessment. ESG topics are not just a reputational issue, but affect our long-term financial viability. The dollars and cents of it may not be apparent now, but the long-term impact of climate change and environmental degradation will inevitably cost more.”

Dato’ Dr. Thillainathan A/L Ramasamy
Independent Non-Executive Director










SUSTAINABILITY REPORT

Responsible Business

BUSINESS MODEL AND STRATEGY

Our deep commitment to and investment in sustainability has continuously helped us to stay agile to anticipate current and forthcoming changes in our operating environment. Through various customer-focused initiatives, we translate the fundamentals of our sustainability strategies into value creation, inspiring lasting change in our business. These initiatives are series of opportunities discovered as we sail through the rapidly changing socioeconomic environment, and have been carefully weaved into our day-to-day business operations to promote long-term value creation for our diverse range of stakeholder groups. The intrinsic interconnections between the key elements of our business strategy i.e. Renewal Agenda and key sustainability initiatives, are shown in **Table 5** below:

Table 5: Key levers of Renewal Agenda and our Sustainability Matters

Our Key Sustainability Initiatives		
Renewal Agenda	Sustainability Matters	Themes
True Customer Centricity	<ul style="list-style-type: none"> • Customer Satisfaction • Responsible Sales and Marketing • Responsible Investment • Responsible Products and Services • Transparent Communications 	 Responsible Business (refer to pp. 54 – 65)
Digital by Default	<ul style="list-style-type: none"> • Technological Innovation • Data Privacy and Security • Waste Management • Energy and Water Management 	 Responsible Business (refer to pp. 54 – 65)  Responsible Corporate Citizen (refer to pp. 72 – 83)
Inclusive Meritocracy	<ul style="list-style-type: none"> • Diversity and Equal Opportunities • Employee Training and Development • Employee Health, Safety and Well-being • Fair Employment Practices • Talent Attraction and Retention • Community Development 	 Employer of Choice (refer to pp. 66 – 71)  Responsible Corporate Citizen (refer to pp. 72 – 83)
Growth Engines	<ul style="list-style-type: none"> • Business Model and Strategy • Responsible Products and Services 	 Responsible Business (refer to pp. 54 – 65)
Technical Excellence	<ul style="list-style-type: none"> • Regulatory Change (risks and opportunities related to detariffication) • Employee Training and Development • Ethics and Compliance • Greenhouse Gas Emissions • Energy and Water Management • Waste Management • Community Development 	 Responsible Business (refer to pp. 54 – 65)  Employer of Choice (refer to pp. 66 – 71)  Responsible Corporate Citizen (refer to pp. 72 – 83)

Legend:



Responsible Business



Employer of Choice



Responsible Corporate Citizen

SUSTAINABILITY REPORT

Responsible Business

DATA PRIVACY AND SECURITY

As we continue to expand into the digital sphere and more of our processes are conducted electronically, we are cautious of the way we manage our customers' personal information. As reported in the 2015 Allianz Global Corporate & Specialty report – "A Guide to Cyber Risk: Managing the Impact of Increasing Interconnectivity", the frequency and sophistication of cyber-attacks and incidents continues to increase and looks likely to do so for the foreseeable future. The recent issuance of Guidelines on Management of Cyber Risk by the Security Commission of Malaysia also indicates that there is a need for greater focus on the management of cyber security risks due to growth in frequency and scale of cyber-attacks in the region. Hence, data privacy and security remains a primary focus in risk management.

Data Privacy Management System

In addition to ensuring that Allianz fully complies with the Personal Data Protection Act 2010 of Malaysia, we are also required to meet the Allianz Standard for Data Protection and Privacy by implementing the Data Privacy Management System ("DPMS"). The DPMS is a set of documented corporate rules, processes, and procedures for systematically managing the organisation's handling of personal data to ensure compliance with applicable regulations and to minimise risks for both the individuals' rights and the organisation's legitimate interests.

The European General Data Protection Regulation ("GDPR"), which will take effect from 2018, is the most significant legislative change in Europe regarding privacy and data protection in the last 20 years. The GDPR imposes more stringent requirements on how Allianz collects and uses personal data, and its extraterritorial reach means that all operating entities of Allianz Group will need to comply. In preparation, Allianz Group launched the Allianz Privacy Renewal Programme ("APRP") in 2016. The APRP is a three-year, multi-phased programme to evaluate and address the requirements of the GDPR globally. In addition, the APRP will legitimise and facilitate the global transfer of personal data (customer and employee) across the Allianz Group through the adoption of mandated levels of data protection and Information Technology ("IT") security. Ultimately, this will increase the privacy rights of individuals and reinforce our obligations to protect personal data.



Security Testing

From an infrastructure standpoint, we have taken various precautionary measures to ensure that our systems are not vulnerable to cyber security breaches. Before the launch of any new system, security penetration tests are conducted by independent parties to assess its security readiness. This is on top of the existing security tests and IT

security scans conducted throughout the year. These measures are particularly important as we continue to set up various automated systems and digitalise existing processes with the aim of increasing our efficiency.

Our periodic IT Security Assessments have indicated that while Allianz is subject to numerous cyber-attack attempts, there have been no major incidents and no breaches to the security systems that we have in place. We are currently undertaking a database encryption exercise to further protect our customer data.

In 2016, we introduced a Data Loss Prevention Incident management process, which sets out procedures to manage and prevent the transfer of sensitive data outside the organisation. If a suspicious data transfer is detected, a report is immediately sent to the respective managers and to departments with data privacy oversight, to verify that no sensitive information is being transferred and to block the attempt if otherwise.

Disaster Recovery Facility

Security measures are in place to protect the physical infrastructure of our databases. We have a Disaster Recovery Facility set up to ensure continuity of mission-critical systems in the event of emergency situations, such as a widespread power outage. Through data replication, our turnaround-time for data recovery has reduced from 24 hours to 12 hours.

This is part of our comprehensive Business Continuity Plan ("BCP"), which is in place to ensure that critical functions can be recovered and restored within a predetermined time upon the occurrence of any disastrous events. A dedicated Business Continuity Management ("BCM") team coordinates a BCP Exercise annually and tests our Disaster Recovery Plan twice a year in compliance with Bank Negara Malaysia's Guidelines on Business Continuity Management. In addition to this, awareness training is organised for all employees to familiarise them with the disaster recovery procedures.

Sharing Best Practices in the Region

In 2017, we will be hosting a regional IT security conference for member operating entities of the Asia Pacific region of Allianz Group. The conference will focus on experience-sharing amongst experts in the region, as well as discussions around recent developments in the area of IT security.

SUSTAINABILITY REPORT

Responsible Business

RESPONSIBLE PRODUCTS AND SERVICES

At Allianz, we have a Product Development Management Framework in place that aims to promote sound risk management by ensuring the appropriate assessment and mitigation of risks during product development and marketing stages. Having this framework in place ensures that the products we develop are appropriate to the needs, resources, and financial capabilities of the targeted consumer segments while maintaining financial viability, thus helping us to be an innovative company that provides access to finance through relevant products. We offer a number of products and services which we consider particularly responsible due to the needs in society that they fulfil. In both the design and continuous improvement of our socially responsible products and services, we carefully integrate the opinions of our stakeholders and other key considerations arising from the rapidly changing socioeconomic environment.

Products Serving the Underserved

There is a misperception that insurance is only for urban citizens who have the luxury to spend on insurance premiums. At Allianz, we recognise the role that insurance plays as a financial tool offering policyholders adequate protection in the case of misfortune – and one that should be available to all populations.

According to the World Health Organisation, over 1 billion people – about 15 percent of the world's population – live with disability. A compilation of information from Allianz's operating entities worldwide shows that one in three people either have or are close to someone who has a disability.

In 2015, we introduced three products that are accessible for People with Disabilities ("PWDs"). This includes a life insurance plan, a hospitalisation coverage plan and a personal accident coverage plan with affordable premiums. The take-up rate of PWD products is presented in **Diagram 11** below.

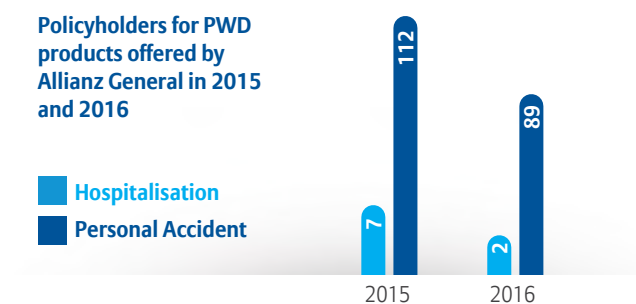


Diagram 11: Number of Policyholders for PWD products offered by Allianz General in 2015 and 2016

Since their introduction, not many of these products have been sold, potentially due to the lack of consumer awareness and limited avenues for distribution of the products. We are continually learning about the needs and requirements of the PWD community, and will use the information and feedback gathered to improve our insurance offerings.

Making Our Premises Accessible

In 2015, we engaged the Kuala Lumpur City Hall to conduct a PWD accessibility audit at our Head Office and customer service centre at Allianz Arena. Based on their recommendations, in 2016 we installed a ramp at our customer service lounge in Plaza Sentral and improved the visibility of the signage at our designated PWD parking lot.



The accessibility audit was carried out at our customer service areas to identify any potential barriers

SUSTAINABILITY REPORT

Responsible Business

'KampungKu' is an insurance product that provides protection for previously underinsured "kampung" wooden houses. This product covers the property or household contents against fire, flood, and windstorm risks with an affordable premium for mostly rural communities.

We believe that this product has great potential for growth. We observed that the awareness of the benefits of this product amongst consumers in the market is relatively low. The number of policyholders recorded a reduction in 2016, as illustrated in **Diagram 12** below:

KampungKu Policyholders

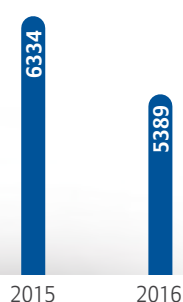


Diagram 12: Number of 'KampungKu' insurance policyholders in 2015 and 2016

Despite the decline in the number of policyholders, in 2016 we paid over RM 500,000 in claims to 'KampungKu' policyholders following heavy flooding in December 2015, assuring us that this is a product that delivers in times of need. The claims process, particularly for these flood-affected areas, is supported by our very own Claims Caravan, which is deployed as a mobile claims processing office.

Service Where it is Needed

In 2016, we continued to deploy our Claims Caravan as a mobile office that heads to flood-affected areas to help deliver insurance services faster to those in need.

With the Allianz Claims Caravan, Allianz customers can walk in to the caravan and fill in a claim form. An adjuster will then be assigned to survey the affected house within 24 hours. Also, our customers would receive a waterproof survival kit containing a blanket, towels, first aid kit, and torch light.

In year 2016, Allianz deployed the caravan to Kemaman, Kuala Terengganu, Kota Bharu, Kuantan, and Temerloh.



Our Claims Caravan was deployed to flood-affected areas along the East Coast of Malaysia to deliver insurance services to those in need

We constantly seek feedback from our customers to improve the quality of these products and services. Moving forward, we plan to increase our insurance coverage for currently underinsured populations by offering an accessible life insurance product with a low barrier of entry, and also by expanding our offerings to a wider audience in Malaysia by pursuing a Takaful licence.

Responding to Societal Changes

The environment surrounding the insurance industry is changing rapidly due to societal changes – particularly the decline in birth rates, rise of ageing populations, and the diversification of customer needs with changing lifestyles.

In recent decades, we observed a rising trend of smaller family sizes. Compared to the traditional Malaysian family model of three generations under one roof, we now have families scattered across various continents. In 2016, we introduced a product that can be used to create a trust to protect family assets.



Allianz PremierLink is a product that allows customers to plan for their family's future

We continue to stay informed of geopolitical and socioeconomic developments to ensure that we design and offer appropriate and timely insurance solutions.

SUSTAINABILITY REPORT

Employer of Choice

TALENT ATTRACTION AND RETENTION

People are the drivers of our organisation and our nation. Our employment footprint extends to 38 offices, with job opportunities provided to more than 1,900 employees across all states in the country, as depicted in **Diagram 13** below. Offering job opportunities allows us to integrate many talented and diversified population groups into the economy to ensure that growth has a broad effect and is sustainable. Close collaboration between branch offices, our head office, as well as Allianz Group, is a key driver for talent attraction by providing growth opportunities and access to a wide assortment of insurance professionals.

Allianz, as a vibrant insurance company, requires insurance professionals who have the right attributes and skills to understand the broad aspects of risks and who are able to lend themselves to different types of situations in the face of change. A diversified and younger demographic brings freshness of thought and increases our relevance to the customers of tomorrow, while our senior employees bring with them stability and the experience of decades in the industry. Our Learning and Development programme is designed to ensure our employees remain nimble, adaptable, and better equipped to cope with the rising tide of change.



Diagram 13: Our Employment Footprint

Listening to Our Employees

Every year, Allianz Group coordinates the Allianz Employee Survey ("AES") to gather employees' feedback on a range of issues, from jobs and processes, to management and leadership, and the workplace environment.

Over the years, Allianz consistently records high participation rates in the AES. In 2016, 94% of our employees responded, in comparison to 97% in 2015.

This survey is an important means for employees to give their feedback, and the results of the survey are discussed amongst managers and employees to derive action plans that address areas of concern. The AES results are reflected in the performance evaluation of managers, ensuring that the findings are acted upon.

One of the key measurements of the AES is the Employee Engagement Index ("EEI"), which reflects employees' level of satisfaction, loyalty, advocacy, and pride. As shown in **Diagram 14** on the following page, Allianz recorded an EEI of 84% in 2016, slightly lower than the rate achieved in 2015 i.e. 86%. However, this is still within the upper quartile for medium-sized Allianz entities, and surpasses our internal target of maintaining an EEI above 80%.

Based on the AES results, our employees are pleased with the initiatives that we organised. The initiatives were focused on demonstrating a culture of inclusiveness and diversity as well as corporate responsibility at the workplace.

SUSTAINABILITY REPORT

Employer of Choice

There are some key concerns and expectations raised by our employees concerning the efficiency of processes and access to adequate resources, amongst others. In response to their expectations, we have conducted several initiatives which are detailed in the following sections of the Report, as well as in the **Technological Innovation** section.

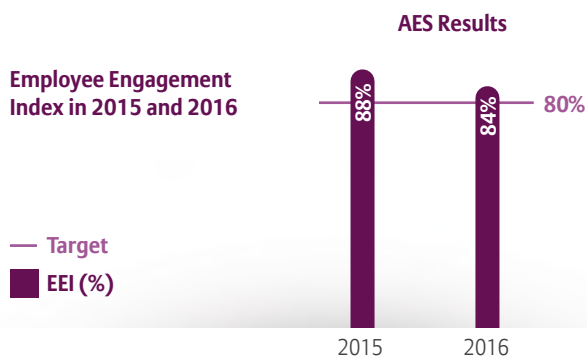


Diagram 14: Employee Engagement Index ("EEI") in 2015 and 2016

Allianz Development Centre

At Allianz, we emphasise the importance of our people to our business. Apart from recruiting the right people into our organisation, we also identify our Talent Pool of high-performing employees with high potential ("hi-pos"). These "hi-pos", who aspire to be fast-tracked in their development, are identified based on their potential and consistent performance and are assessed by our Allianz Development Centre to ascertain their learning and development gaps. A Personal Development Plan is then put together to provide structure and focus in their development to prepare them for the challenges of their current and future roles.



Learning and Development programmes and on-the-job training help our employees to pursue their career growth

Development Programmes for Career Progression

We have two structured programmes that are focused on facilitating our employees' career development. The Management Associate Program targets young internal staff and external recruits, many of whom are just starting their careers. They undergo an 18-month development programme where they learn the fundamentals of insurance and are exposed to various functions within the company through job rotations, training, and industry examinations. Fourteen participants graduated from the programme in 2016.

The Young Board programme was established in 2016 to develop internal young talent who are high potentials. 22 employees were selected for the 18-month programme and have been assigned projects outside of their normal scope of work. Not only do the projects benefit from the different experiences these employees bring with them, but it also opens these candidates up to job rotations and further career development.

Key Highlights from the Allianz Employee Survey



Employees experience an environment where people with diverse backgrounds can succeed, regardless of e.g. race, gender, age, disability, religion, sexual orientation, or ethnic background.



Employees feel that the top management demonstrates that employees are important to Allianz's success.



Employees feel that Allianz shows a high responsibility towards society and the environment and offers appropriate opportunities to get involved.

SUSTAINABILITY REPORT

Employer of Choice

Awarding Continued Service

At Allianz, we value a working relationship that is long-lasting and built on trust. In 2016, the average tenure of our employees was 8.5 years. We recognise the commitment and contribution of our long-serving employees through our Loyalty and Silver Jubilee Awards where employees receive a cash award upon reaching certain milestones, beginning from a consecutive period of ten years' service and greater.

Employee Value Proposition

Allianz Group will launch a new employee value proposition in 2017, namely "Allianz is the place for those who dare." Allianz values employees who are motivated to constantly innovate and improve, as we see these as key attributes to staying competitive.

140 employees
received Loyalty Awards in 2016



DIVERSITY AND EQUAL OPPORTUNITIES

As we operate in one of the most diverse countries in the world, we believe that diversity is not just rhetoric, but a way of life. Our customers reflect the entire spectrum of diversity in Malaysia – beyond ethnicity, culture and religion, to differences in personal experiences, age, orientation, skills, and perspectives.

At Allianz, we are committed to promoting inclusion both within our company and in our business. Employment and development of employees are based on individual skills, talent, experience, and the behavioural attributes of a person. We abide by the principle of non-discrimination at the workplace based on age, disability, gender, race, religion, political preference or sexual orientation, and aim to embrace diversity in the provision of employment and development opportunities.

Diagram 15 below demonstrates our diversified workforce, which serves as a key enabler for Allianz to have a deep understanding of the hopes and unique needs of our customers. This allows us to determine the best insurance solutions to manage the various risks they face in their businesses and personal lives.

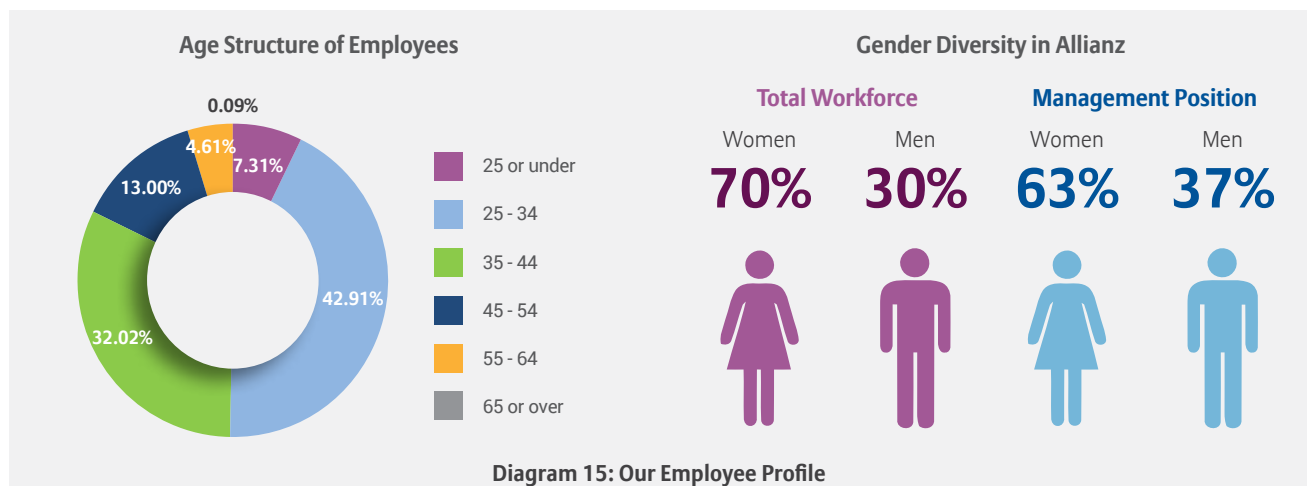


Diagram 15: Our Employee Profile

Building an Inclusive Work Environment

In 2014, we conducted a workshop addressing the topic of 'Accessibility for Persons with Disabilities ("PWDs")', and part of the feedback received was that one of the best ways to empower PWDs is through employment. Thus, in 2015, we held a PWD Employment Day, inviting PWD candidates to our office to learn about our career

opportunities and for our own hiring managers to assess these individuals. We currently have 25 PWDs working in Allianz, making up 1.3% of our total workforce in Malaysia. This has marked an increase of 17 people since early 2016.

SUSTAINABILITY REPORT

Employer of Choice

However, hiring PWDs is only the first step in a journey of embedding diversity into the workplace. Apart from holding Disability Equality training to create greater understanding and empathy amongst our employees about working with their new colleagues, we also conducted PWD evacuation training in our head office to ensure that the health and safety of our PWD employees is not compromised. Mini dialogues are organised periodically between our Human Resources team and our PWD employees as a feedback avenue for them and as a form of support.

“Allianz has taken the topic of social inclusion very seriously. This is reflected in our approach to human resource, particularly in the hiring and integration of Persons with Disabilities in the workforce. Embracing diversity and providing an environment based on fair and equal opportunity builds a culture of empathy and understanding, which manifests in the way we treat our customers.”

Tan Sri Datuk (Dr.) Rafiah Binti Salim
Independent Non-Executive Director



Equal Opportunities for Achievement

“I’m happy and grateful to work at Allianz as it opens doors for PWDs to have an equal opportunity to strive and create sustainability. Moreover, the opportunity to work with smart, accomplished professionals helps me to grow and make contributions. I hope Allianz will further enhance my learning skills and provide more training in order for me to advance at work. I’m ready to take up new challenges, responsibilities and obtain leadership skills. Thank you.”

Violet Lee
Sourcing and Procurement Department

Violet was born with retinitis pigmentosa, a degenerative retinal disease. She began wearing spectacles when she was 5 years old, but her impairment was not recognised until she was in her mid-20s, when it significantly affected her work. She was then diagnosed as being visually-impaired, but struggled to accept this for a couple of years. Finally deciding that she had to progress beyond her diagnosis, Violet went on to work as an assistant employment officer, helping to coach and place PWD candidates in suitable jobs. This led her to know more about PWD employment, and subsequently about Allianz. Violet is now entering her second year with us in the Sourcing and Procurement Department.

EMPLOYEE TRAINING AND DEVELOPMENT

Just as we endeavour to constantly innovate and improve our business, we also believe that our employees should always strive to improve and develop themselves. In 2016, we invested over RM4.4 million on our employees’ learning and development.

The Allianz Academy

Our Allianz Academy was established in 2012 as the learning and development platform for our employees, which focuses on four learning pillars, i.e. Technical, Sales, Service, and Leadership. Each pillar aims to equip employees with the skills and knowledge required for their current and future roles.

Professional Commercial Underwriters Certification Programme

Since 2015, our in-house Professional Commercial Underwriters Certification (“PCUC”) programme was recognised by the Malaysian Insurance Institute (“MII”), enabling PCUC graduates to fast-track their way towards a diploma with MII. 50 employees participated in the first year since this recognition, with a further 31 employees taking part in 2016, as illustrated in **Diagram 16**. The first group of PCUC participants to be fast-tracked for MII certification is expected to graduate in 2017.

PCUC Participation in 2015 and 2016

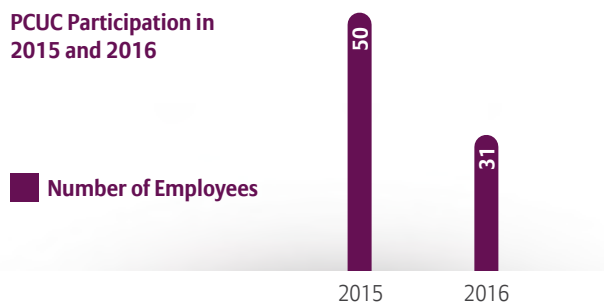


Diagram 16: Number of PCUC participants in 2015 and 2016

We are proud to be the only insurer in the country to have our own technical qualification programme and to have a Memorandum of Understanding with MII.

SUSTAINABILITY REPORT

Employer of Choice

In 2016, 253 employees enrolled for the MII certification programme, with 55 employees achieving a Certificate of MII ("CMII"), 165 employees achieving the Diploma of MII ("DMII"), while 33 employees successfully completed the Associateship of MII ("AMII"). The figures for 2015 and 2016 are presented in **Diagram 17** below.

MII Certification in 2015 and 2016

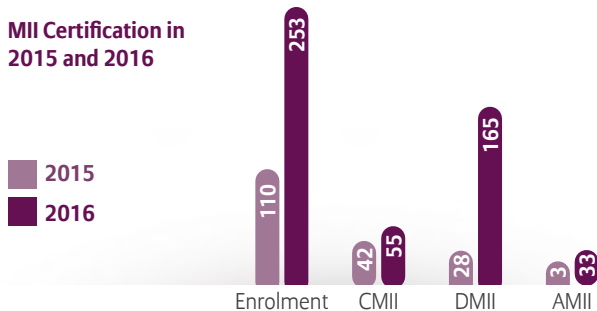


Diagram 17: Number of employees enrolled and that obtained MII certification 2015 and 2016

Other forms of professional qualification are also encouraged amongst our employees via sponsorship of examination and professional membership fees, examination leave, in-house training programmes, and the availability of education loans. We are firm believers that training and certification ensures continuous improvement, which in turn will help us serve our customers better.

By promoting lifelong learning, we empower our employees to achieve their career goals. In 2016, 1,909 of our employees attended at least one training session.

Technical Excellence

Technical excellence forms one of the five levers of Allianz Group's Renewal Agenda. This global Agenda stresses the importance of innovation and growth through best talent and state-of-the-art skills. An example of an internal Allianz Group initiative in driving this excellence is the setting up of global networks to standardise Allianz's offerings and share best practices amongst all Allianz operating entities. This serves as a platform to give and receive feedback, and also enables us to access global technical expertise.

FAIR EMPLOYMENT PRACTICES

Applying fair employment practices is crucial to build our employees' confidence and earn their respect for our leadership. We are of the view that, once we have built their trust in us, they will work more efficiently to achieve company goals. Ultimately, this will lead to higher employee morale and retention. We developed our hiring policies and employee appraisal mechanism in a fair and objective manner to ensure that everyone shares a reasonable and unbiased opportunity in the workforce. In order to maintain a positive employer-employee relationship, we have developed several platforms for communication.

Employee Assessment Management

Fair treatment of our employees is reflected not just through our hiring policies and codes of conduct, but also through the way we assess employee performance. Our employee assessment methodology places equal emphasis on results as it does on how they are achieved. This is intended to cultivate the Allianz 'People Attributes' of entrepreneurship, customer and market excellence, collaborative leadership, and trust.

A new multi-rater feedback system is also being introduced in phases. Beginning with top management, performance evaluation will be based on feedback given not just by their managers, but also by direct reports and relevant colleagues from other departments. This is expected to lead to a more holistic assessment of all colleagues and, subsequently, identification of opportunities for improvement.

Transparent and Open Communications

Quarterly townhalls are also held nationwide where employees are briefed on Allianz's latest results, goals, plans, and strategies. A Question and Answer session with the Senior Management is held at the end of the session to further promote open communications and transparency.



Townhalls are avenues for employees to learn about Allianz's latest results, goals, plans, and strategies

SUSTAINABILITY REPORT

Employer of Choice

EMPLOYEE HEALTH, SAFETY AND WELL-BEING

As a service-based organisation, the well-being of our employees has always been a priority for us. Most of our employees have desk-based jobs, thus their exposure to workplace risks is limited. Nevertheless, we are well aware that for many of our employees, most of their waking hours in the day are spent with us in the office. Therefore, part of being a responsible employer is the creation of an environment where employees' health and safety are prioritised, and where employees are happy to come to work.

Organisational Safety and Health

The safety and well-being of all our employees is under the purview of the Organisational Safety and Health Act ("OSHA") Committee, present in our head office and at branch offices. The OSHA Committee is responsible for organising Fire Safety and Emergency trainings for our fire wardens nationwide at least once a year to ensure that they are well equipped with the knowledge and skills they need to perform their tasks should the need arise.

Annual awareness training on OSHA and Business Continuity Management is organised for employees to familiarise them with the disaster recovery procedures, which are put into practice during disaster simulations conducted every year. This forms part of the risk management practices we have in place to ensure a safe and conducive working environment, and is also discussed in the **Data Privacy and Security** section of this Report.



Since year 2013, Allianz Life agents have been organising charitable activities on the annual Allianz Charity Day

Work-life Balance Initiatives

We conduct work-life balance initiatives every month that encompass bowling activities, sports and dance classes, running clinics, and team events. Our employees are also able to take part in global events, such as the Allianz World Run which was organised by Allianz Group in 2016.

Throughout 2017, our employees will also be able to prepare and compete against each other nationally to vie for a spot in Allianz Sports 2018 – a global sporting event bringing Allianz competitors from around the world together for a week of camaraderie, sportsmanship, and competition.

Contributing to Society Through Work

At Allianz, we believe that personal development happens not just on the job, but also through activities beyond work. Our corporate responsibility initiatives benefit not only the communities that we work with, but also serve to engage our employees in meaningful activities that leverage on their strengths. In the **Community Development** section, we have detailed a number of structured corporate volunteering programmes that support our corporate responsibility initiatives and in which our employees are invited to participate. In 2016, our employees dedicated approximately 2,370 hours to volunteering activities nationwide.

Our agents are also no strangers to charitable initiatives. For the third consecutive year, our life agents organised their very own Allianz Charity Day, where 90 life agencies dedicated the day to giving back to society. Their initiatives ranged from tree planting, to blood donation, and visits to orphanages and old folks' homes. Members of our Senior Management team also joined in the activities. In future, Allianz intends to expand the reach of this great initiative by involving more members of the Allianz community in the celebration of Allianz Charity Day.

Allianz World Run

In 2016, the first ever Allianz World Run was held, where Allianz employees and agents from over 50 countries around the world accepted a 90-day running challenge. A special app tracked each registered individual's running distance, allowing them to compete with colleagues both nationally and worldwide. Upon reaching certain thresholds, employees would receive special running merchandise.

On top of that, global thresholds were also set that amounted to donations to Allianz Group's global NGO partner – SOS Children's Villages. 600,000 Euros were eventually donated to twelve educational projects when 12,360 Allianz employees and agents ran the equivalent of 34 times around the world. In Malaysia, our 181 participants ran a total of 21,176 km in 2,181 runs to contribute to this number.



Employees of Allianz Group from over 50 countries participated in the first-ever Allianz World Run

SUSTAINABILITY REPORT

Responsible Corporate Citizen

ETHICS AND COMPLIANCE

Placing the interests of our stakeholders at the centre of our business strategy, we believe that an ethical culture serves as the best safeguard against material misconduct and heightened regulatory interest. At Allianz, this is nurtured by having policies, guidelines, and trainings in place that are designed to promote and reinforce a strong culture of “doing the right thing” at every level of the organisation.

Allianz Code of Ethics

Annually, every employee is required to attest that they understand and comply with Allianz Group’s Code of Conduct for Business Ethics and Compliance. An Allianz Code of Ethics for Senior Financial Professionals is in place and applicable to our senior management and employees responsible for our finance, control, and accounting functions. This Code governs ethical and proper conduct of the employees in both the private and professional spheres, particularly relating to the handling of conflicts of interest and corporate disclosure.

Annually, our Directors and key responsible persons are required to declare their fulfilment of criteria under the Fit and Proper Policy and Procedures for Key Responsible Persons. These policies and guidelines are detailed in the Statement on Risk Management and Internal Control (“SORMIC”) in our Annual Report.

Whistleblowing Mechanism

An Integrity Committee coordinates activities concerning prevention and detection of fraud and the handling of whistleblowing incidents. We adopt the Allianz Group Anti-Fraud Policy which defines fraud events and their follow-up actions. The Allianz Group Whistleblowing Policies and Procedures describes the Allianz Group’s Speak-up policy and how to handle whistleblowing incidents, as detailed in the SORMIC. Having these systems in place promotes transparency and accountability throughout Allianz.

When entering into new business relationships, we ensure that our contractual obligations are based on ethics as well as long-term viability. We incorporate clauses on subject matter such as anti-bribery/anti-corruption and data protection in our contracts as we expect our partners to be fully aware of and conform to the high standards that we have set for ourselves. The guiding framework and policies are discussed in the following sections.

Anti-Corruption and Anti-Fraud

Our Anti-Corruption and Anti-Fraud policy, formulated by Allianz Group, outlines the existing controls and behavioural guidelines on the risk areas of dealing with government officials, business courtesies, hiring of representatives, political contributions, joint ventures and outsourcing agreements, as well as facilitation payments.

This is cascaded down to our business partners through “Anti-Fraud and Anti-Corruption Training for Tied Agents”, which is conducted at our branch offices.

Other policies which we have adopted to promote a culture of ethics and integrity within Allianz are Vendor Integrity Screening, Anti-Money Laundering and Counter Financing of Terrorism (“AML/CFT”) Policies and Procedures, and Allianz Group’s Gifts and Entertainment Policy. The details of these policies are discussed in the SORMIC of our Annual Report.

Awareness Training for Employees

Our employees are required to attest on an annual basis that they understand and adhere to various guidelines and policies, which set the standards for business conduct covering the topics, inter alia, non-discrimination and harassment, dealing with confidential information, fraud detection, insider trading, external communication, conflicts of interest, anti-corruption and bribery, gifts and entertainment, and protection of our property and natural resources.

We continually reinforce these topics amongst our employees through the implementation of compulsory awareness trainings as part of each employee’s annual e-Declaration, the inclusion of relevant articles in our internal newsletters, and additional training for employees deemed as high-risk due to the nature of their work.

Examples of awareness training conducted throughout the year include:

- AML/CFT training sessions for employees and agents to promote understanding of their fundamental responsibilities in adhering to the procedures of verifying customers’ identities and reporting of suspicious transactions.
- Anti-Competition/Antitrust training for managerial-level employees and awareness materials communicated to all employees.
- Personal Data Protection awareness incorporated into our employee on-boarding training sessions so that, from the beginning of their time at Allianz, employees are able to adequately deal with personal data in line with local laws and as per the Allianz Standard for Data Protection and Privacy.

“ Integrity is a must-have quality in all our employees and representatives. Apart from complying with local laws and regulations, we also adopt relevant best practices to ensure our ethical standards are among the best in the industry. We recognise the role of strong governance not just as a licence to operate, but as essential protection for our shareholders’ and stakeholders’ interests. ”

Mr. Foo San Kan

Independent Non-Executive Director

SUSTAINABILITY REPORT

Responsible Corporate Citizen

COMMUNITY DEVELOPMENT

We believe that building a stable and inclusive society is a necessary prerequisite for being a responsible corporate citizen with a sustainable business. We seek to contribute to building a stronger and a more resilient society by contributing our time, skills, and money. Our corporate responsibility is embodied by Allianz4Good, which encompasses our corporate volunteering and corporate giving activities. **Diagram 18** below illustrates our community footprint across various locations that we are operating in.

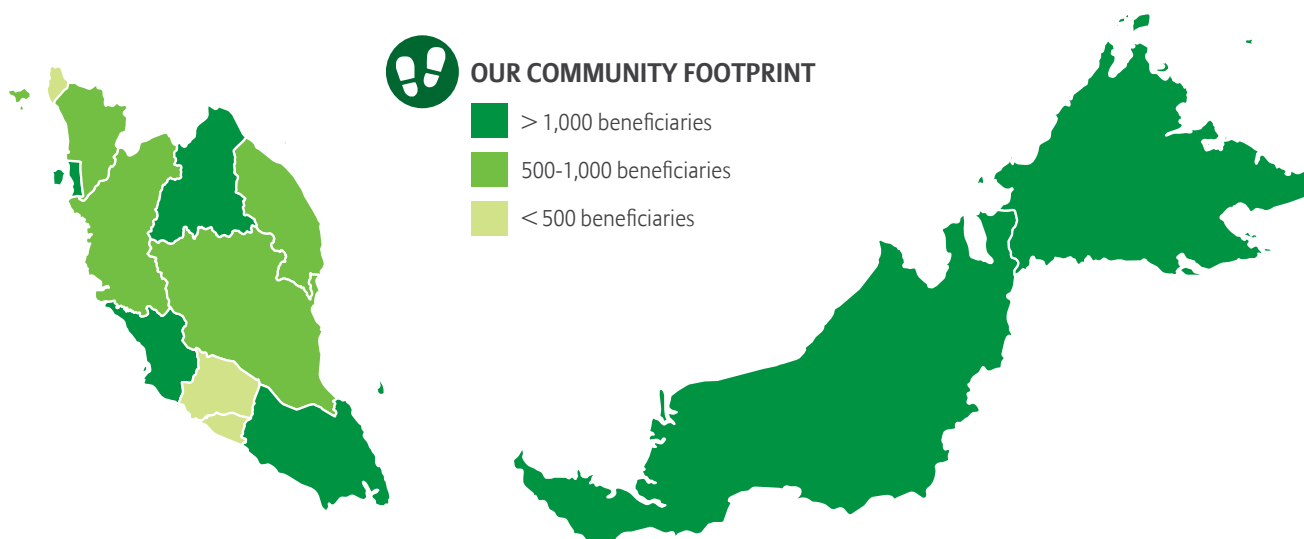


Diagram 18: Our Community Footprint – Direct Beneficiaries*

**defined as beneficiaries with direct exposure to Allianz programmes involving Allianz employees and volunteers*

Our corporate volunteering activities are governed by our Corporate Volunteering Policy, which sets out the procedures for volunteering and entitlements of our volunteers. Volunteers act as representatives of Allianz during our corporate responsibility events, and therefore adhere to the employee Code of Conduct to govern their behaviour. Just as we do for our business partners, we assess the integrity of our non-profit partners by applying an Integrity Check for Non-Profit/Non-Governmental Organisations to all potential partners from the social sector. This screening assesses the organisation as well as its key personnel to ensure that our exposure to financial and reputational risk is minimal. We work with reputable and reliable partners to ensure that our social commitments are on par with the high ethical and legal standards of our business dealings, and that our programmes are delivered smoothly.

Risk is inherent in our business as an insurer and thus we leverage on our expertise to address five focus areas where we believe we can effect most meaningful change. These five pillars of our engagement are presented in **Diagram 19** below:

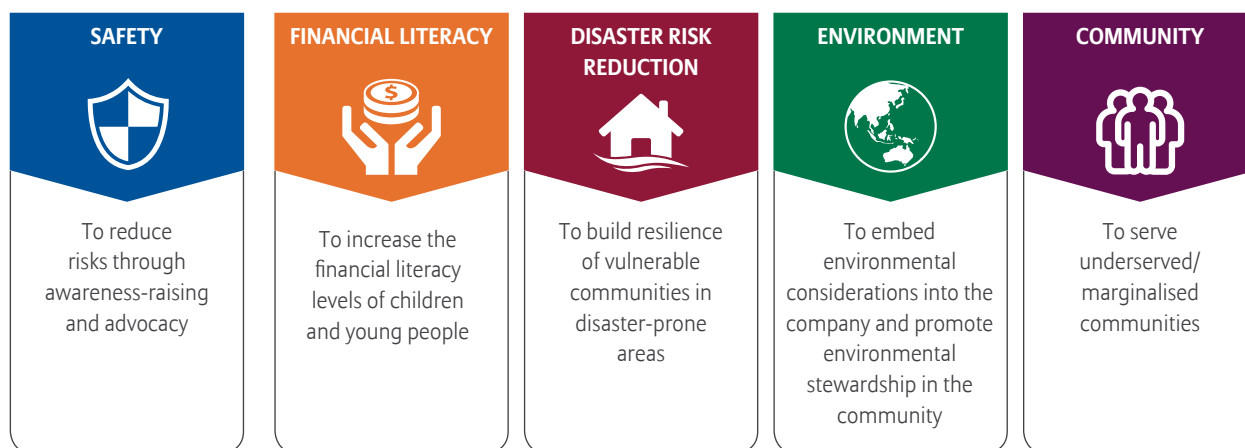


Diagram 19: Five Pillars - Allianz's Corporate Responsibility Objectives

SUSTAINABILITY REPORT

Responsible Corporate Citizen

PILLAR 1: SAFETY

Raising Awareness of Risk Management

As one of Malaysia's leading motor insurers, reducing on-road risks is in our best interests, both for the safety of our customers and also to benefit the industry and society as a whole. We have been a strong advocate for road safety since 2011, when we signed a Memorandum of Understanding with the local road safety department – Jabatan Keselamatan Jalan Raya ("JKJR") - which marked the beginning of our partnership for this cause.

Our road safety initiatives encompass Road Safety Advocacy Campaigns held jointly with JKJR where our employee volunteers, trained as Road Safety Ambassadors, distribute road safety items and advocate safe road behaviour to the general public. These campaigns are conducted in accident-prone areas, at schools, and during festive periods.

Partnership for Road Safety

We are constantly looking for opportunities to improve our approach towards road safety advocacy. In 2016, we sponsored a study by the Malaysian Institute of Road Safety Research ("MIROS") to study the impact of behavioural change intervention on the use of high-visibility windbreakers for motorcyclists, specifically the ones distributed by Allianz, and how this affects accident and fatality rates. Over 1,300 motorcyclists from 22 companies nationwide participated in the year-long study. The results of the study indicate that intervention programmes are able to improve the wearing rate of high-visibility windbreakers and this corresponded with a reduction in the accident involvement of study participants. Studies such as this one help to inform our decision-making for future initiatives.



"Allianz is a strong supporter for road safety and has committed resources in term of time, brain power, and financially to work hand in hand with MIROS to help improve road safety in Malaysia. I personally think that Allianz has set itself as a role model to the others in the industry by taking concrete actions towards achieving that goal."

Dr. Sharifah Liew

Head of Behavioural Analysis & Valuation Unit
Malaysian Institute of Road Safety Research



After attending the MIROS intervention programme, motorcyclists were more likely to wear high-visibility windbreakers while on the road



A motorcyclist exchanges his old helmet for a new, safe one at our Road Safety Advocacy Campaign

Road Safety Advocacy Campaigns

During our Road Safety Advocacy Campaigns, motorcyclists who are using old or unsafe motorcycle helmets are able to exchange them for new ones. At the same time, we distribute reflective windbreakers and motorcycle stickers, which increase the conspicuity of motorcyclists in low-light conditions. For young automobile passengers, we give out child safety booster seats that raise their sitting height, thereby reducing their risk of seatbelt injury. At campaigns near school areas, we distribute child motorcycle helmets to young pillion riders under 12, who are usually without head protection. Additionally during festive seasons, we distribute car seatbelt shoulder pads with safety messages and which help to relieve the stress and chafing from seatbelt straps, as well as motorcycle first aid kits.

SUSTAINABILITY REPORT

Responsible Corporate Citizen

Road Safety Education Programme

From our experience, we have found that many road accidents result from behaviour-related causes. We believe that education is the key to tackling this, thus we are targeting a new generation of road users – primary-aged children who have not yet formed bad road habits. Our road safety education programme is made up of two different approaches – an interactive circuit and an in-class road safety education programme.

During the interactive session, we set up a hands-on circuit complete with a miniature zebra crossing, replica traffic lights, a road sign station, helmet station, and seatbelt station. Primary school-aged students complete the circuit in groups, learning different road safety essentials and guided along the way by our Road Safety Ambassadors. While the interactive circuit caters for many small groups of students in short sessions, the in-class road safety education programme allows students to delve deeper into road safety topics over an hour of class time. On top of that, we distribute reflective wristbands and road safety tips booklets as a way of encouraging positive road safety behaviour among children. In 2016, we conducted five interactive sessions and ten road safety education classes, reaching 1,840 students.



Allianz Road Safety Ambassadors cultivate safe road behaviours amongst school-aged students

We continue to focus our efforts in road safety education by rolling out more classes and interactive sessions as an effort to shape students' road behaviour. Not leaving existing road users out, we aim to also address behavioural change through targeted campaigns addressing topics such as mobile distraction.

Safety for Our Community

Apart from reducing on-road risks, we also advocate risk reduction in a range of other topics. Fire safety trainings for agents and employees were held in four of our office locations over 2016 and, for the first time, we held a narcotic crime training session at our head office to raise awareness of these lesser-publicised crimes and ways that our employees could reduce their vulnerability to them. We also sponsored a women's street crime awareness campaign organised by the Road Safety Marshal Club which was open to members of the public.



Fire safety awareness trainings are held at our offices for the benefit of our employees and agents



PILLAR 2: FINANCIAL LITERACY

Financial Literacy as a Core Competency

Having a financially literate society is not only beneficial in terms of social inclusion, but is also essential to the sustainability of our business as a financial service provider. In 2016, we approached the topic of financial literacy in three ways: (1) My Finance Coach ("MFC") – our employee volunteering programme; (2) the Allianz Finance Challenge – a competition for secondary school students; and (3) a financial literacy activity in PINTAR Foundation ("PINTAR")'s Mobile Learning Unit 2. Through these initiatives, we were able to reach over 31,000 children in 2016.

My Finance Coach ("MFC")

The MFC programme was first implemented in Malaysia in 2012 with the aim of improving the financial literacy of children and young people and to prevent them from falling into debt. Through MFC, employee volunteers are trained as Finance Coaches who enter schools and non-profit organisations to share their knowledge with and coach young people on money matters.



Employees trained as Finance Coaches conduct interactive lessons at schools to share their financial knowledge

SUSTAINABILITY REPORT

Responsible Corporate Citizen

We partnered with the Federation of Malaysian Consumer Associations ("FOMCA") for the fourth year in a row to roll out MFC in conjunction with their National Consumer Day competition. **Table 6** below shows the outcome of the MFC programme for years 2014 to 2016.

Table 6: Outcome of My Finance Coach Programme

My Finance Coach Programme

	2014	2015	2016
Number of students reached	2,041	2,317	2,486
Number of Coaches trained per year	57	105	47
Total number of Coaches trained (cumulative)	239	344	391
Number of volunteering hours (approximate)	744	600	524

My Finance Coach in Malaysia

My Finance Coach is a not-for-profit initiative led by the My Finance Coach Foundation based in Munich, Germany. The MFC programme in Malaysia is based on materials and content from the MFC Foundation, which has been developed in cooperation with Klett MINT - a German schoolbook publisher - and is reviewed and revised by an independent Advisory Committee made up of teachers, educational experts, and academics on a regular basis. The teaching material is provided free of charge and does not contain any advertisements. All Finance Coaches are required to adhere to a Code of Conduct committing them to the non-commercial nature of MFC.

Find out more about the international My Finance Coach programme at www.myfinancecoach.org

Allianz Finance Challenge

A new addition to our collaboration with FOMCA in 2016 was the Allianz Finance Challenge. The competition consisted of two different categories; lower secondary students ranging from 13 to 15 years of age, and upper secondary students aged 16 to 17 years. Students were assigned the task of planning an educational trip to Penang and Singapore respectively in which they were required to prepare a detailed and realistic budget and itinerary and present the result of their travel arrangements through a written proposal and video presentation.

Garnering a total of 51 entries from 38 schools nationwide, the competition served as an opportunity for students to apply their knowledge on financial planning while exercising their innovation and critical thinking skills.



Winners of the first ever Allianz Finance Challenge won trips to Penang and Singapore respectively

Learning through Play

2016 saw the conclusion of our sponsorship with PINTAR for its Pinter Mobile Learning Unit 2 ("PMLU 2"). The PMLU 2 is a bus that has been converted into a fun learning space, and its theme for 2015 and 2016 was "Promoting Intelligence". The PMLU 2 travelled to schools, orphanages, and carnivals around the country to engage with children and young people. Under the trait of Logical Intelligence, Allianz sponsored an activity that simulated a shopping aisle, complete with barcodes and a scanner, which challenged students to plan and spend within a specified budget and at the same time exercise their logical and critical thinking skills to make wise spending decisions. A second activity revolved around the topic of savings, helping to illustrate the savings requirements for different items and to cultivate the habit of setting savings goals and plans. Throughout 2016, the PMLU 2 was stationed at 108 schools and reached 28,502 students.



The PMLU 2 had a simulation of a grocery aisle to challenge students' financial skills

Global Money Week 2016

In conjunction with Global Money Week 2016, an event organised globally by Child and Youth Finance International ("CYFI"), we brought the PMLU 2 to one of our non-profit organisation partners, Yayasan Chow Kit. 21 children aged 10 to 12 years were able to experience the different activities that the PMLU 2 had to offer.

SUSTAINABILITY REPORT

Responsible Corporate Citizen



PILLAR 3: DISASTER RISK REDUCTION

Reducing the Vulnerability of Disaster-Affected Communities

In recent years, Malaysia has been subject to natural disasters of increasing number and severity. We are able to provide a measure of security to our customers via our products and services, but at the same time we recognise that certain populations are more vulnerable to disaster than others. Our disaster risk reduction initiatives focus on preparedness and relief, with the aim of building resilient communities.

Flood Survival and Drowning Risks Awareness Workshops

In 2015, we piloted our approach to disaster risk reduction through the organisation of Flood Survival and Drowning Risks Awareness Workshops for two flood-affected communities in Kelantan, namely Tanah Merah and Kuala Krai. These workshops were very well-received, and in 2016 we continued to roll them out for flood-prone communities in Kuantan, Dungun, Temerloh, and Gua Musang. During these workshops, we present the community with a Flood Saver Kit to be used by the designated evacuation centre, and each participant receives an Allianz Survival Kit specially put together to assist them in case of an emergency. Along with our internally-developed flood preparedness brochure, essential items such as emergency torchlights, survival bandannas, multi toolkits, and emergency blankets form part of the Allianz Survival Kit. In 2016, we distributed 800 survival kits to flood-prone communities.



A participant of the Flood Survival and Drowning Risks Awareness workshop demonstrating the use of an emergency blanket

In addition to equipping vulnerable communities with the right knowledge, in some cases it is necessary to provide them with the right equipment. In particular, we assist Orang Asli (indigenous) communities in Gua Musang that have been badly affected by flood and who are not always able to access sufficient support. In response to a request from the community, we provided tents to 100 Orang Asli families from five villages in Gua Musang. The tents are intended for use when families need to evacuate their homes because of flood. Additionally, water filtration devices were distributed to two Orang Asli villages in Gua Musang and to two schools in Tanah Merah as a means of ensuring their water security during emergency situations.

Often, in the case of floods, rivers are swamped with mud and debris and normal water sources are contaminated. Thus, the water filtration devices, which do not require any power to run, are important sources of potable water in these circumstances.



The water filtration devices are able to filter out bacteria and harmful chemicals with no boiling required

Since 2015, we have worked closely with one of the schools, SK Tebing Tinggi in Tanah Merah, Kelantan, to bolster their capacity to cope with disaster. We focus on this school in particular as it is the identified evacuation centre for the surrounding community, and is frequently affected by floods due to its riverside location. In 2017, we plan to support the installation of a solar power generation system in the school premise, which would go some way in providing energy security in an emergency situation and possibly also bring down the school's day-to-day running costs.

Responding in Times of Need

Apart from building the preparedness of affected communities, we would also like to build our internal capacity to support communities in disaster situations. Our ambition is to set up an emergency response team made up of Allianz employee volunteers who are equipped with different skills according to their capabilities and interests.

In 2016, we piloted a disaster response training programme for nine of our employees and five teachers from two schools in Gua Musang. The two-day intensive training aimed to equip participants with survival and rescue skills and introduce them to a post-flood situation. While rescue and response is a job best left to professionals, we believe that the training will go some way in preparing the trainees mentally for other tasks, for example distributing relief items or conducting psychological first aid for flood survivors.

As we continue to build our internal volunteering capacity, we recognise the need to support disaster relief efforts in the immediate post-disaster. In 2016, we contributed a total of RM30,000 to the Malaysia Volunteer Fire and Rescue Association to support its relief efforts in response to a fire in Kudat and the earthquake in Banda Aceh at the end of the year.

SUSTAINABILITY REPORT

Responsible Corporate Citizen



PILLAR 4: ENVIRONMENT

Building an Environmentally Conscious Community

Within our business and operations, our environmental impact management is guided by Allianz Group's Climate Change Strategy, which is discussed in the **Environmental Management** section of this Report. We recognise the need to advocate and promote a culture of environmental stewardship in our wider Allianz community.

Embedding Environmental Awareness Among Our Employees

Beginning in 2015, Allianz ran a collection drive for glass bottles and tin cans amongst our employees. These bottles and cans were not destined for the recycling centre, but instead formed part of the structure of Malaysia's first ever Earthship. The construction of the Earthship was initiated by Build for Tomorrow, a social enterprise that promotes sustainable building.

An Earthship is an eco-friendly self-sustaining house built out of recycled items such as used tyres, bottles and palm fibres. This particular Earthship - built with and for the Orang Asli from the Temuan community in Jelebu, Negeri Sembilan - was fitted with solar panels and a rainwater harvesting system, both sponsored by Allianz.

Our employee volunteers dedicated over 400 hours to help build the structure, and at the same time received first-hand exposure to and experience of sustainable living.



Allianz volunteers helped to build the Earthship using recycled materials

Allianz Sustainable Living e-booklet

In 2015, we celebrated Allianz Group's 125th Anniversary by highlighting the emerging megatrend of environmental change. As a conclusion for the year of activities, we invited our employees to submit 125 tips for sustainable living to be compiled into an e-booklet which was then distributed throughout the organisation.

We organised a number of initiatives throughout 2016 to raise internal awareness on environmental topics, such as eco film screenings at our branch offices, and support for the World Wide Fund for Nature (WWF)'s Earth Hour initiative where ten of our office locations committed to switching off lights at lunchtime during the month of March. In conjunction with Children's Day, we organised an eco-walk and terrarium workshop for our head office employees and their children to foster a love for the environment in our wider Allianz family.



To commemorate Children's Day, employees worked together with their children to create terrariums that they then brought home

We also celebrated Environment Day by organising recycling drives at 20 of our office locations, where a total of 6,495 kg of paper was recycled during that event alone. All proceeds from the recycling drive were channelled to the Bornean Sun Bear Conservation Centre, a sun bear rescue and rehabilitation facility in Sabah.

6,495 kg

paper recycled on
Environment Day



SUSTAINABILITY REPORT

Responsible Corporate Citizen



PILLAR 5: COMMUNITY

Building a Socially Inclusive Community

Insurance is a tool that, in the case of misfortune, allows the insured to have an opportunity of resuming their circumstance before that misfortune. We recognise that many marginalised communities do not have an equal starting point in the first place. Through our corporate giving activities, we aim to equalise the opportunities of the underserved to be fully participative members of society.

Equalising Opportunities for the Underserved

In 2016, we delivered over 9,000 pairs of school shoes to underserved children in Sabah and Sarawak. These primary-aged children are mainly based in rural and interior areas of East Malaysia, and were identified by the state education departments of Sabah and Sarawak respectively as coming from an underprivileged background. Shoes were also given to children supported by the Partners of Community Organisations in Sabah (PACOS) Trust, a community-based organisation that aids indigenous communities in Sabah. Our intention was to provide protective footwear for these students – a basic need which not all of them had access to.



East Malaysian students from underprivileged backgrounds trying on their school shoes

The urban homeless and poor are another marginalised group that are easily overlooked. We support the work of Pertubuhan Tindakan Wanita Islam ("PERTIWI"), which provides basic medical services and runs the PERTIWI Soup Kitchen to distribute food to this community. We donated a four-wheel drive pickup truck for use by their medical team of volunteer doctors, and also participated in one of their regular soup kitchen activities. Noting the positive response from our volunteers, we will increase our support for and participation in the PERTIWI Soup Kitchen activities in future.



At the PERTIWI Soup Kitchen, volunteers distribute food to the urban homeless and poor

We also organised a number of goodwill activities throughout the year in commemoration of festive events. In conjunction with Hari Raya, we carried out a donation drive for basic necessities such as rice, sugar, cooking oil, and hygiene items amongst our employees. Over the Ramadhan month, our employees distributed these items to orphans, poor families and communities still affected by the 2014 floods across ten locations in Kelantan, Perak, and the Klang Valley. We reached 3 schools, 4 non-governmental organisations, and approximately 60 families.

In September for Malaysia Day, we organised a nationwide Blood Donation Drive and Organ Donation pledge at eight locations that saw employees and members of the public coming together to contribute.

To mark the end of the year, we organised a gift-giving initiative where our head office employees were invited to contribute presents to over 200 children from four homes in the Klang Valley. The positive response from our employees assures us that these opportunities for giving help us to reinforce our caring corporate culture.

Reducing the Barriers of Disability

2016 marked the tenth year since we began sponsoring Persatuan Mobiliti Selangor dan Kuala Lumpur ("MOBILITI"), a charitable organisation that was set up to provide door-to-door transport for wheelchair users within the Klang Valley. MOBILITI's vans are specially modified with hydraulic lifts and wheelchair restraint systems to enable passengers to travel comfortably around the Klang Valley for a minimal fee. Our sponsorship covers MOBILITI's operational costs, which include fuel, toll, maintenance, and salaries. We also provide free Motor Insurance and Driver and Passenger Personal Accident insurance for the four sponsored vans. With our support, MOBILITI was able to make over 10,300 trips during their financial year which ended in June 2016, and is a valuable service for over 1,700 registered passengers.

SUSTAINABILITY REPORT

Responsible Corporate Citizen

In our efforts to increase the social inclusion of PWDs, we sponsored a delegation of 26 Malaysian participants – including competitors, officials, sign language interpreters, and a judge – to attend the 9th International Abilympics competition held in Bordeaux, France. The Abilympics, coined from the phrase Olympics of Abilities, is a PWD skills competition in five general professional categories, namely Services, Information Technology, Industry, Craft, and Food, and which is split into 48 different skills. Four Malaysian Abilympians returned home with medals, leading Malaysia to rank 8th out of 37 participating countries. The Abilympics helps to overturn traditional views in regard to the abilities of PWDs, and we are proud to support this empowering event.



Allianz sponsored a delegation of 26 participants to attend and compete at the Abilympics in Bordeaux, France

Engagements for a Positive Allianz Experience

We see our sponsorship engagements as opportunities for us to engage informally with members of the public. Through our events, we aim to build a positive experience for people who may not have encountered Allianz before.

2016 marked the fifth year since Allianz began sponsoring KidZania Kuala Lumpur ("KidZania"), an educational theme park for children. At the Allianz establishment in KidZania, children are introduced to insurance through role play as an insurance agent, where they learn about the importance of having insurance protection. More than 38,000 children visited the Allianz establishment in KidZania, amounting to 18% of KidZania's total visitors in 2016 and putting it amongst the top 10 establishments in the theme park.

Allianz also leveraged on the KidZania sponsorship for the benefit of underprivileged children. During the year, we brought a total of 82 children and 13 accompanying chaperones from the CUED Speech Centre for hearing-impaired children and the Dignity for Children foundation to KidZania. The children were able to experience various occupations during their visit, which we hope will contribute towards their educational development.



Students from CUED Speech Centre for hearing-impaired children visited the Allianz establishment in KidZania

Allianz Group, Platinum Partner of FC Bayern Munich, has organised the Allianz Junior Football Camp ("AJFC") annually since 2009. Teenagers aged between 14 and 16 years from all over the world gather in Munich to get exclusive insights behind the professional world of football around FC Bayern Munich.

In 2016, Allianz successfully connected with more than 1,100 teenagers who participated in the AJFC Malaysia League held in Selangor, Malacca, Pahang, and Penang. The League was introduced in response to the lack of opportunity for teenagers to play competitive football in a structured environment. Thirteen teenagers were selected to take part in AJFC Asia, held in Bali, where they joined young footballers from six countries to train and compete for a spot in the AJFC camp in Munich. Three outstanding Malaysians were selected for this once-in-a-lifetime opportunity to meet FC Bayern Munich footballers, train at the FC Bayern Munich Youth Academy under the guidance of FC Bayern Munich youth coaches, and to make new friends from around the world. The trip also included a visit to the FC Bayern Museum, sightseeing around Munich, and intercultural exchange amongst the teenagers. In 2016, 80 teenagers from 30 countries participated in the camp.



Young footballers from 30 countries attended the Allianz Junior Football Camp 2016 in Munich

SUSTAINABILITY REPORT

Responsible Corporate Citizen

The AJFC was created with two objectives in mind - to support aspiring footballers to grow, pursue their passion, and achieve their dreams in football, and to promote healthy living through sport. The number of participants has increased steadily every year since its Malaysian launch in 2012, and the local selection process, run in a league format since 2015, is becoming recognised as a premier youth football competition in the country. We are proud to be a springboard for the development of our young Malaysian athletes.

Challenging Malaysians to Live a Healthy Lifestyle

For the second year in a row, we organised our very own Allianz Pacer Run, a natural extension to our Allianz Pacer Running Community launched in 2013. The aim of the running community is to inspire more people to start running as a way of staying active and looking after their well-being. In this instalment of the Allianz Pacer Run, over 30% of the 5,000 runners were Allianz customers, and we are glad to have this informal avenue for them to engage with us. This year, all registration fees collected from the Corporate Challenge category were channelled to the Malaysian Council for Rehabilitation, a non-profit organisation that offers rehabilitation support for PWDs.



Allianz Pacer runners were not dampened by the rain, with over 5,000 people participating

We also sponsored the Allianz Pacesetters 4x3km Run where 271 teams of four runners each participated to raise money for the Kiwanis Down Syndrome Foundation.

Another of Allianz's initiatives to promote a healthy lifestyle was the Dare2bHealthy campaign, a Facebook-driven campaign challenging Malaysians to attempt their healthy resolutions. The 24-day campaign attracted more than 200 entrants who pledged to revive their resolutions, get out of their comfort zone, and start living a healthier lifestyle. Of these 200, three finalists were selected to fulfil their resolutions with the support of Allianz. The finalists had to document their respective journeys over a half year period, and their videos garnered over 100,000 views, with related content creating over a million social media impressions on 733,685 people.

By utilising the reach of social media, Allianz aims to inspire everyday Malaysians to live extraordinary, courageous lives.



Zurina, one of the Dare2bHealthy finalists, attempted to run 8km in 60 minutes at the 2016 Allianz Pacer Run

ENVIRONMENTAL MANAGEMENT

As a business that deals with risk, managing our environmental impact has always been important to us. Globally, Allianz Group adopts a Climate Change Strategy that commits us to minimising our own carbon footprint and supporting the development of a low-carbon economy. Thanks to global efforts in environmental management and investments that allow us to offset our emissions, Allianz has been a carbon-neutral company since 2012.

Managing our Environmental Footprint

Since 2006, we have adopted a Group-wide Environmental Management System ("EMS") that tracks our CO₂ emissions. These figures are reported annually to Allianz Group, enabling us to monitor our emissions, identify areas for improvement, and also support Allianz Group's calculations to offset our carbon emissions, as part of helping Allianz Group remain a carbon-neutral company.

In 2016, the CO₂ emissions calculation methodology in the EMS was revised so that the previous scope of waste, water, and energy has been refined. All figures for the previous years have been restated according to the new methodology.

SUSTAINABILITY REPORT

Responsible Corporate Citizen

The current scope of the EMS includes energy used to operate buildings and IT equipment, business travel (by air, car and train), and paper use. The allocation of our emissions in 2016 is illustrated in **Diagram 20** below.

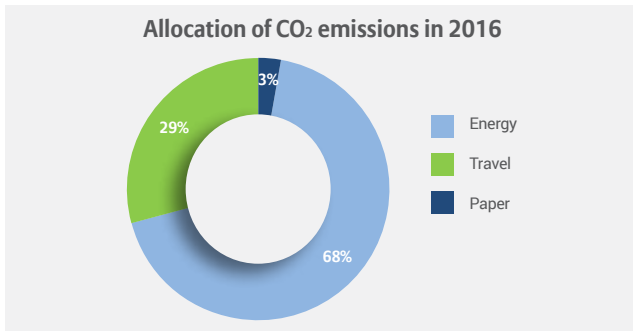


Diagram 20: Allocation of CO₂ emissions in 2016

Previously, Allianz Group set the target of a 35% reduction in CO₂ emissions by 2015 against a 2010 benchmark, surpassing the target by recording a 43.3% reduction.

We are anticipating new targets to be set by the Allianz Group which will be benchmarked against our 2010 emissions, and while we have recorded a 2.8% reduction from 2015, our emissions are still 1% above the 2010 figure. This is illustrated in **Diagram 21** below. We hope that our initiatives in digitalisation, as discussed in the **Technological Innovation** section, as well as those described in the following sections, will contribute towards our CO₂ emissions reduction.

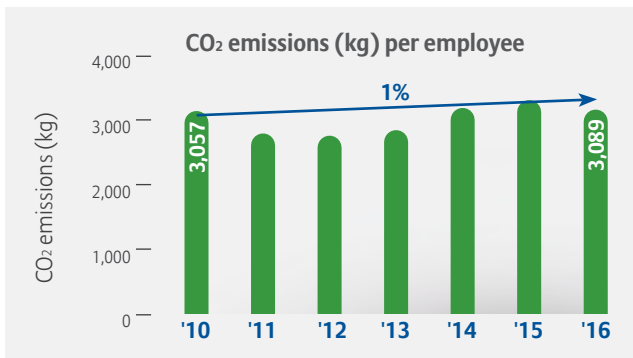


Diagram 21: CO₂ emissions per employee 2010-2016

Apart from just monitoring these EMS metrics, we have been able to identify opportunities for improving our performance. Energy-saving fittings are prioritised in all branch office renovations. Whenever air-conditioning units need to be installed or replaced, we use an energy-efficient and environmentally-friendly option which does not contribute to ozone depletion. We have also procured green-certified carpeting and office chairs for use in all our offices nationwide.

Sustainable Transport

Since 2016, we have leased three electric vehicles to be used as part of Allianz's company vehicle fleet. These vehicles can be used by our Klang Valley employees for business purposes in place of conventional vehicles. The purpose of these vehicles is two-fold – firstly, as a cost and

energy efficient means of travel for our employees, and secondly, as a way to familiarise our employees and agents with electric vehicles, which will undoubtedly become more prominent – at least from a business perspective – in future. According to a report from our leasing company, Cohesive Mobility Solution ("COMOS"), the 8,414.2 km travelled by our electric vehicles in 2016 amounted to the avoidance of 1,952.08 kg of CO₂ emissions from a conventional vehicle.



The use of Allianz's electric vehicles in place of conventional ones amounted to the avoidance of almost 2,000 kg of CO₂ emissions in 2016

We have also signed a Memorandum of Understanding with COMOS and partners to provide mobility among participating university students via UNIRIDE, a carsharing programme currently available on selected campuses in Klang Valley. The cars used are categorised as Energy Efficient Vehicles, and Allianz provides insurance coverage for the fleet. This programme reduces the need for students to own a car, thus providing better accessibility for them in an affordable and environmentally-friendly manner.



The UNIRIDE carsharing programme is a cost and energy efficient way for students to travel

In 2016, we updated our travel policy to place emphasis not just on the cost-factor when making travel arrangements, but also on the carbon efficiency of the transport option. Employees are encouraged to avoid or reduce travel where possible, for example by using audio, web, or video-conferencing instead. Otherwise, employees must opt for the most carbon-efficient means of transportation available at acceptable financial cost.

SUSTAINABILITY REPORT

Responsible Corporate Citizen

Allianz's Sustainable Practices

Allianz promotes the usage of audio and video conferencing in place of business travel, where possible. In 2016, we recorded an increase of 37.63% in our audio conferencing requests, while the accumulated distance required for business travel reduced by 7.84%.

Year	Audio conferencing usage (number of requests)	Business travel by air (km)
2015	186	1,027,953
2016	256	947,345

Sustainable Paper Consumption

Regarding our paper use, we have sourced a FSC (Forest Stewardship Council) Mix A4 paper for printing use in our head office and Klang Valley branches since mid-2016. The FSC Mix label means that the wood within the paper is from FSC-certified material, recycled material, or controlled wood, and not from an illegal or unsustainable source. We have been unable to roll this out to our other branch offices due to the difficulties of obtaining FSC paper at a local level, and the inefficiency of central sourcing would outweigh the potential gains from ensuring 100% FSC paper use. However, we continue to explore ways that we can convert more of our paper usage to FSC paper, and intend to use FSC Mix paper for our pre-printed forms commencing 2017.

On top of sourcing more sustainable paper, we are also taking steps to improve our performance at the other end of the paper lifecycle by managing our paper waste. We have placed paper recycling bins at our head office since 2012, and have been able to source secure paper waste recycling options for selected branch offices. In 2016, we recycled a total of 8,197 kg paper nationwide, excluding the amount collected on Environment Day as discussed in **Pillar 4: Environment** of this section.

We are also working to reduce the total amount of paper required in our daily business. 2016 saw an 11.2% decrease in our paper usage, from 168,986 kg in 2015 to 150,075 kg. We have and continue to implement various digitalisation projects that aim to reduce the number of physical documents required across our processes. Through the electronic tools for our agents, the increase of automated processes, the use of mobile apps, and our capacity to offer our products online, we are able to replace a significant amount of physical documents with electronic forms, which has directly contributed to a decrease in the printing and supply amount.

By using the Imagine App sales tool, we reduced the printing of three specific forms related to customer fact-finding, policy application, and change requests. The reduction in number of printed forms ordered can be seen in **Table 7**.

Table 7: Printed forms impacted by e-form implementation

	2014	2015	2016
Number of Printed forms (sheets)	213,461	530,452	182,952

Giving New Life to the Old

At the end of the life cycle of our desktops and laptops, we assess the usability of the computers before making a decision as to whether the computer is either disposed of responsibly by our third party vendors, or whether we are able to repurpose the computers for use by non-profit organisations or schools. Similarly, when we replaced a large number of our office chairs last year, we also assessed the usability of the old office chairs, offering adequate ones to non-profit organisations and social organisations for their own use. The exercise is still on-going, and is intended to extend the utility of used but still useful items.

A Gift from Upcycling

At Allianz, we promoted the reuse and repurposing of items by upcycling our old advertising banners. These were made into large grocery bags, which were given out to shareholders during our Annual General Meeting.



Old Allianz advertising banners made out of tarpaulin were recycled into grocery bags

“A company as big and as respected as Allianz must 100% be for sustainability and environmental management - not just within its operations but in setting an example for others to follow. Environmental stewardship falls on all of us as our obligation, and corporations especially need to step up to this responsibility.”

Tan Sri Razali Bin Ismail

Chairman, Independent Non-Executive Director